

# ***2004-2005 Strategic Plan***



# **DEPARTMENT OF REAL ESTATE**

## **STRATEGIC PLAN**

**2004/2005**



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## **EXECUTIVE SUMMARY**

This Strategic Plan has been prepared to help guide the Department's executive management as they continue the course set for the Department of Real Estate's (DRE) future. In developing the Plan, DRE's Executive Staff integrated the needs of consumers and the real estate industry and incorporated the core elements of the Business, Transportation and Housing Agency's Performance Improvement Initiative process.

The plan contains four major goals upon which the Department will focus its efforts during the next three years. To achieve these goals, specific objectives have been identified that contain implementation milestones, outcomes, and outputs. Also incorporated into each objective is a plan for monitoring and measuring performance. Collectively, these components will be used to gauge success and accountability. In achieving these goals, the Department will continue to reduce processing timeframes, extend transparency of government, and ensure succession planning and skill replacement.

Challenges to accomplishing the Plan's objectives include the continuing need to address an increasing workload resulting from a favorable real estate market, statutory reserve limits, and evolving industry trends and demands. To help mitigate these challenges, key concepts such as streamlining procedures and processing, identifying and implementing improved efficiencies, and expanding technology have been interwoven throughout the objectives set forth in the Plan.

In summary, the Plan provides a blueprint for accomplishing objectives which are aimed at improving operational efficiency, increasing service levels to the real estate industry, and enhancing consumer protection for California's growing and diverse population.

## ***DEPARTMENT DESCRIPTION***

The Department of Real Estate's core functions are to administer license examinations, issue real estate licenses, regulate real estate licensees, and qualify subdivision offerings.

The DRE is a special fund agency which derives virtually all its revenues from examination, license and subdivision fees. It has limited authority to fine and as a result, regulatory related fines comprise less than 1/2 of 1% of the Department's budget. Fines collected by the Department are paid into the Recovery Account to help compensate victims of real estate fraud.

DRE maintains five offices: Sacramento, Oakland, Fresno, Los Angeles, and San Diego, and as of June 30, 2004, has 292 authorized positions. Currently, there are approximately 385,000 real estate licensees in California, compared with a high of 375,000 licensees in 1992 and a low of 298,000 in 1998.

The Real Estate Commissioner is the chief executive officer of the Department of Real Estate. It is the Commissioner's responsibility to determine administrative policy and enforce the provisions of the Real Estate Law for the protection of the public. The Commissioner is appointed by the Governor and reports directly to the Secretary of the Business, Transportation & Housing Agency.

The Commissioner is authorized by statute to appoint a ten member Real Estate Advisory Commission to assist him/her in carrying out these responsibilities by offering advice as to industry trends and consumer concerns. The Commission members are appointed by the Commissioner, with approval by the Administration, and consist of industry and public representatives.

The DRE is divided into various divisions which are managed by program chiefs (Assistant Commissioners), who report directly to the Commissioner and the Chief Deputy Commissioner. A description of the Department's divisions is contained in Appendix B.

## ***STRATEGIC PLANNING CONCEPTUAL FRAMEWORK***

Strategic planning is a long-term, iterative, and future-oriented process of assessment, goal setting, and decision-making that maps an explicit path between the present and the vision of the future. It includes a multi-year view of objectives and strategies for the accomplishment of the Department's goals as well as its Performance Improvement Initiatives, as determined through an interactive process with the Business, Transportation & Housing Agency.

Clearly defined outcomes and outputs provide necessary targets for measuring program performance and are important considerations in future planning, resource allocation, and

operating decisions. The strategic planning process incorporates and sets direction for all departmental operations.

### ***METHODOLOGY STATEMENT***

The Department's Executive Staff meets annually to develop the Strategic Plan over a period of three or four months. Open discussions of the existing environment, technology issues, current assumptions, projected challenges and desired outcomes lead to the final plan. Prior to the initiation of this process, each program manager polls his or her staff to ascertain internal assessments and direction for the future. Input is also sought from various industry trade associations with whom the DRE interacts.

The Real Estate Advisory Commission, whose members represent industry and public stakeholders, reviews the plan and provides feedback which is used to amend the plan, as appropriate.

DRE includes the following considerations when assessing strategic and operational performance measures:

- implementing updated, enhanced, and cost effective technology capabilities.
- maximizing results through internal efficiencies and operational reforms.
- redirecting workforce and workload to stabilize and improve processing timeframes.
- maintaining a prudent fee structure and reserve fund balance.
- striking a proper balance between consumer protection and regulation of business.
- promoting effective communication and education.
- exploring opportunities for collaborative initiatives with industry, business, and government partners to leverage cost and implement objectives.
- responding to the needs of industry and consumers.

A successful strategic planning process provides benefits to the Department as well as those affected by its operations.

## ***MISSION***

To protect the public in real estate transactions and provide related services to the real estate industry.

## ***VISION***

DRE's vision for the future is focused upon adopting innovations that will create new standards of excellence in service offerings and consumer protection by:

- satisfying the needs of a competitive and prudent real estate marketplace.
- providing licensing, subdivision qualification and consumer related services more conveniently and timely.
- expanding the knowledge base and contributions of DRE staff.
- improving the accessibility to information that is progressive and secure.
- expanding consumer education to facilitate the making of informed decisions in real estate transactions.
- adapting to the changing business environments of the real estate industry.

## ***PRINCIPLES***

The Department of Real Estate's governance is structured with core values that promote independence and balance between its two distinct mission responsibilities. These values preserve the integrity of DRE's operational obligations, assure coordination and cooperation between the operating programs, and engage the Department's stakeholders.

The Department's primary responsibility is to the public as a consumer protection agency. As government is not able to guarantee a risk-free marketplace, the Department acts in concert with other governmental agencies, education providers, and community organizations to enhance its enforcement and consumer awareness efforts to lessen the risk of loss to consumers in real estate transactions. In this regard, consumer and licensee information as well as education are regarded as important operational elements. Through consumer education, the public is better able to make more informed decisions and protect themselves to the extent they are able. By educating its licensees, the Department helps ensure that they are aware of their legal responsibilities, as well as their obligations to their clients. By approaching the Department's principal responsibilities from the multiple avenues of education and enforcement, DRE maximizes the effectiveness of its consumer protection efforts.

In its role as an industry service provider, the Department undertakes strategic planning disciplines that result in the identification of objectives intended to have a direct benefit to the consumer, the State, the real estate industry, subdivision development businesses, and timeshare commerce.

The Department of Real Estate, like all other state agencies, is challenged to manage increasing workloads and responsibilities. To meet these demands, DRE continues to seek efficiencies in programs and activities, and to use technology, partnerships, and common-sense solutions to make doing business with DRE on all levels more transparent.

### ***INTERNAL/EXTERNAL ASSESSMENT***

The assessment of internal and external factors that influence the Department facilitates DRE's recognition of current and future issues which may affect operations and results. This assessment pinpoints the major issues affecting the Department during this planning process timeframe.

### ***EXTERNAL ENVIRONMENT***

#### ***FISCAL CHALLENGES***

Fiscally, the Department continues to be challenged to maintain a fee structure sufficient to meet its operating needs while at the same time adhering to statutory limits on its reserves, which were put in place by industry to deter future transfers of the DRE's reserves to the General Fund. Reserve fund growth beyond the statutory cap triggers a mandated fee reduction, which lessens the Department's reserves. The primary revenue source for the Department are the fees collected in conjunction with obtaining a real estate license, i.e., exam scheduling fees and license application fees. Because of the high volume of examination and license applications, an increased licensee population, and a heightened level of subdivision filings, a fee reduction was necessary in the 2002/03 Fiscal Year to comply with statutory reserve restrictions. Continuing fluctuations in fees will be primarily caused by uncharacteristic and sustained increases in revenue and reserves. With the statutory reserve limits, it has become challenging for the Department to commit to, and therefore pursue, essential technology projects, which oftentimes require multi-year funding.

The Department monitors items of expense as well as revenue and reserve fund balances providing reports to the Program Managers at monthly financial briefings. More detailed reports are provided to the Program Managers on a quarterly basis. Additionally, projected expenditures are analyzed and provided to the Assistant Commissioner of Administration and the Chief Deputy Commissioner on at least a quarterly basis to assure appropriate allocation of financial resources. Revenue and reserve analysis reports are also routinely provided to the real estate industry.

The Department anticipates future fiscal challenges in balancing its fee structure and reserves as conditions change in the real estate marketplace, which affect both housing and the licensee population. Also, challenges will arise from the future repayment of the reserve funds which were previously loaned to the State's General Fund.



### MARKET INFLUENCES and WORKLOAD

Due to the favorable real estate market, interest in real estate licensure and new home development has increased significantly. DRE's workload mirrors the real estate market, resulting in increased activities and workload across all Program areas.

#### *Fiscal/Accounting:*

The Fiscal Section has experienced an average increase of 53% each year in the number of credit card applications received for DRE fees and services in the past four years.

#### *Licensing and Examinations:*

- Comparing fiscal year 01/02 to 02/03, salesperson exams are up 52%, broker exams increased 26%, salesperson licenses issued rose by 48%, while broker licenses issued increased by 21%.
- Going back to 00/01, salesperson exams are up 109%, broker exams have increased 84%, salesperson licenses have increased 91%.
- Licensing telephone calls have increased 148% over the past two years.
- The increase in the licensee population translates into an ongoing high workload level of license changes (14% or 24,077 annual increase) as well as a significant ongoing effort in performing background analyses of both existing licensees (up 517% from 1,287 in 01/02 to 7,945 in 02/03) and license applicants (up 73% from 1,434 in 01/02 to 2,485 in 02/03).

#### *Enforcement/Legal:*

The Enforcement Section has experienced an 86% increase in the number of cases assigned for investigation over the past three years. The cases include license applicant background checks, consumer complaints, licensee background follow-up, and investigations into unlicensed activities.

Once warranted by Enforcement investigations, the Legal Section pursues prosecution of those licensees who violate the Real Estate Law. In conducting this procedure, licensees are afforded full due process and the DRE adheres to the requirements set forth in the Administrative Procedure Act. The number of cases forwarded to the Legal Section by Enforcement for disciplinary action has increased by 51% over the past two years.

#### *Subdivisions:*

The number of subdivision applications received over the past two years has increased approximately 20%.

### STAFFING

With the support of the Secretary of the Business, Transportation & Housing Agency as well as the Administration, the Department was authorized to hire temporary staff, examination proctors, and fill vacant positions to address workload demands. Additionally, the Department pursued a 2004/05 budget authorization for additional positions to help address the unprecedented volume of workload.

**ENFORCEMENT/LEGAL/AUDITS:**

A major trend in the real estate brokerage industry is increased concentration. Corporate franchising, acquisition of related industries and the goal of “one-stop shopping” is changing the industry into a more managed enterprise. Through corporate control and greater capitalization, it is expected that increased levels of internal compliance will be achieved. Nevertheless, the Department does not anticipate any significant reduction in enforcement workload as licensee misconduct will always be a part of the industry to varying degrees. Also, it is expected that with the expansion of eCommerce and the virtual office concept, Internet and mortgage loan brokering fraud will occur with increasingly complex cases commanding a significant portion of the Department’s resources. Additionally, the diversity of the State’s population is a component which needs to be addressed through appropriate enforcement and education efforts. Further, the favorable real estate market has helped promote the use of unlicensed administrative assistants by real estate licensees, which may add to the enforcement workload, should duties that require a license be inappropriately delegated to them.

**SUBDIVISIONS:**

New housing in the state is expected to maintain or moderately increase its current level of growth. The rise or fall of interest rates will play an important part in the housing market in the next fiscal year. With recent staffing adjustments, the Subdivision program’s goal is to reduce file processing times to 50% of the statutory mandated timeframes.

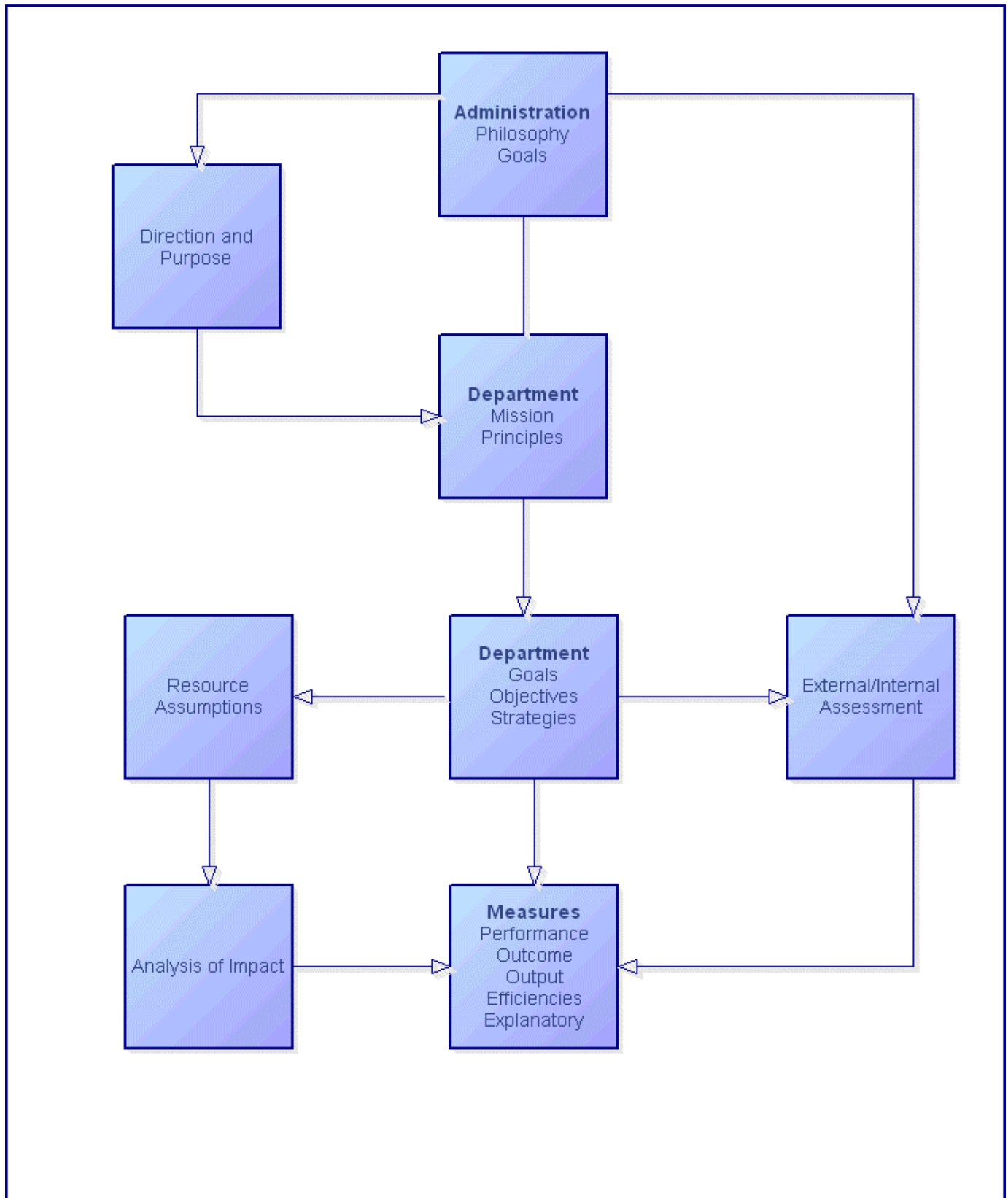
The DRE currently meets with the California Building Industry Association (CBIA), three times a year to discuss subdivision processing goals, procedures and processes. These meetings provide a beneficial forum to address issues of mutual concern and explore new opportunities in subdivision development.

DRE plans to have similar meetings with the American Resort Development Association (ARDA) within the next fiscal year. These meetings will be particularly helpful if ARDA’s legislative measure to rewrite the existing timeshare regulatory scheme to reflect current business practices and standards of operation is successful, as new procedures, forms and regulations will be needed to implement the new qualification framework. Communication with industry on these issues will be a key success factor in implementing this transformation.

**CUSTOMER SERVICE**

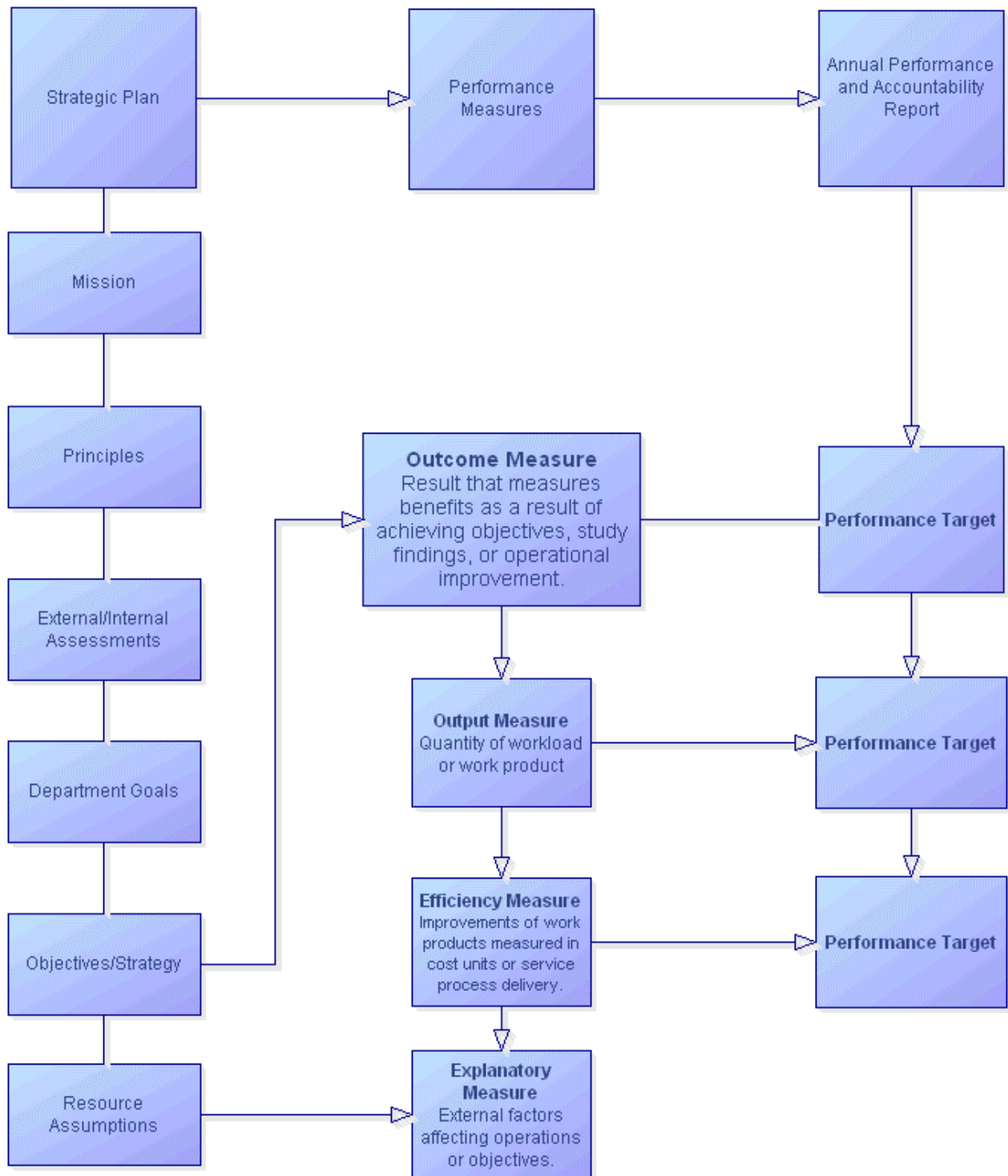
In as much as performance measurement is directly related to customer service standards and customer satisfaction, DRE will continue to make reasonable efforts in assessing clientele approval levels. These efforts include surveys, both online and written, and industry meetings and conferences wherein specific performance feedback will be received. The analysis of these indicators will be measured against DRE’s objectives as a factor in determining their successful accomplishment.

DEPARTMENT OF REAL ESTATE  
Strategic Planning Conceptual View



# DEPARTMENT OF REAL ESTATE

## Strategic Planning Process



## ***INTERNAL ENVIRONMENT***

### ***TECHNOLOGY***

The Department will continue to focus its technology endeavors on achieving positive results by targeting and implementing solutions that support the identified business objectives, measuring performance through a balanced scorecard model aligned with the DRE's performance goals and measures, and managing performance to meet service level agreements, expectations and the overall departmental goals.

E-Government is important to the Department not only because it recognizes the valuable uses of the Internet to deliver government services, but also because it brings DRE closer to its customers and stakeholders while improving operational efficiency. The Department's eLicensing system is instrumental in providing information to consumers and improved service offerings to the real estate industry, while protecting individual privacy.

The Department will continue to pursue applicable advances in technology to improve its services and increase departmental efficiencies through a variety of means which incorporate appropriate consolidated state service offerings.

### ***CONSUMER PROTECTION***

The Department acknowledges the importance of enhancing its efforts to educate consumers on the homebuying/selling process as well as to increase their awareness of inappropriate actions which can lead to real estate fraud. Towards this end, the Department explores methods to increase exposure of critical information to consumers, including developing educational videos and guides, consumer brochures and information, as well as consumer educational materials posted on the DRE Web site. Many of these offerings are made available in a variety of languages as the non-English proficient public is often the most vulnerable.

### ***ACCOUNTABILITY***

The Executive Management of the Department has placed a strong emphasis on program assessments of reasonable performance targets through review of current department baselines, enhanced by new strategic objectives, and followed by periodic progress monitoring. With the development of each new strategic plan, the Department charges its programs to reassess and develop goals with specific targets and accountability for achieving the desired results. Each program has initiated ongoing processes to track performance beginning with the evaluation of existing, as well as the creation of new performance metrics, to create suitable metrics in line with the Department's operational priorities. DRE tracks performance measures and monitors outputs as listed in each of the strategic objectives.

WORKFORCE

In 1992, DRE had 411 total authorized positions and approximately 375,000 licensees. Today, DRE has 292 total authorized positions and over 385,000 licensees (an increase of 10,000 licensees supported by 119 fewer positions) and the same level of responsibilities.

The Department will continue to analyze its staffing and develop a workforce plan that addresses short-term needs as well as the long-term issues of experienced staff losses due to retirements. The workforce plan will not only address the ongoing need for adequate staffing and training, but the need for experienced employees to impart knowledge to their potential successors.

### ***STRATEGIC GOALS***

1. Achieve the Performance Improvement Initiative objectives.
2. Improve operations and services through the use of automation and technology.
3. Enhance consumer awareness and protection.
4. Assess and improve services and efficiencies.

### ***STRATEGIC PLANNING AND PERFORMANCE***

Following established best practices for planning, the Department recognizes the necessary relationship between strategic planning, allocation of resources, and performance measurement. This document includes a multi-year view of the strategies for the accomplishment of DRE's objectives and goals. The following charts depict DRE's strategic planning and performance processes.

## ***SUMMARY OF OBJECTIVES***

### **Goal 1. Achieve the Performance Improvement Initiative objectives**

#### ***2004/2005***

- 1.A. Explore testing private/public partnership. (Licensing)
- 1.B. Accelerate the original license process. (Licensing)
- 1.C. Expand e-Licensing. (Licensing & ISS)
- 1.D. Human Resources support of program service levels. (Human Resources)
- 1.E. Workforce planning for Department of Real Estate. (Human Resources)
- 1.F. Update performance metrics for the Enforcement Program. (Enforcement)
- 1.G. Develop Enforcement Deputy Training Program. (Enforcement)
- 1.H. Streamlining the subdivision review process. (Subdivisions)
- 1.I. Expand on-line subdivision form availability. (Subdivisions)

#### ***2005/2006***

- 1.AA. Accelerate the original examination/license process – Phase I. (Licensing & ISS)
- 1.BB. Develop Enforcement Deputy Training Program. (Enforcement)
- 1.CC. Streamlining the subdivision review process. (Subdivisions)
- 1.DD. Update Internal Audit Training Material. (Audits)

#### ***2006/2007***

- 1.AAA. Accelerate the original license process – Phase II. (Licensing & ISS)
- 1.BBB. Revise Audit Training Material. (Audits)

### **Goal 2. Improve operations and services through the use of automation and technology.**

#### ***2004/2005***

- 2.A. Study the feasibility of electronic examination administration. (Licensing & ISS)
- 2.B. Licensing Interactive Voice Response (IVR) system upgrade. (Licensing)
- 2.C. Information Technology (IT) equipment refresh. (ISS)
- 2.D. Cashiering/Fiscal re-engineering project – Phase Two. (ISS & Fiscal)
- 2.E. EIS Efficiency Reviews/User Group Feedback. (ISS)
- 2.F. Pilot project to consolidate mass printing and mass copying functions. (ISS & Fiscal)
- 2.G. Automated submittal of duplication requests. (Fiscal)
- 2.H. Re-engineer legal support work processes. (Legal)
- 2.I. Publish e-samples of various threshold reports via DRE Web site. (Audits)



- 2.J. Study the feasibility of implementing electronic subscriptions to the *Mortgage Loan Bulletin* and *Subdivision Industry Bulletin*. (Legislation & Public Information)

**2005/2006**

- 2.AA. Submit electronic examination system Feasibility Study Report. (Licensing & ISS)
- 2.BB. Information Technology (IT) equipment refresh. (ISS)
- 2.CC. Re-engineer legal support work processes. (Legal)
- 2.DD. Revise and implement computerized *Mortgage Loan Broker Audit Working Papers*. (Audits)
- 2.EE. Study the feasibility of implementing electronic subscriptions to the *Mortgage Loan Bulletin* and *Subdivision Industry Bulletin*. (Legislation & Public Information)

**2006/2007**

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- 2.AAA. Implement Licensing interactive voice response (IVR) system upgrade. (Licensing & ISS)
- 2.BBB. Revise and implement computerized *Property Management Audit Working Papers*. (Audits)

**Goal 3. Enhance consumer awareness and protection.****2004/2005**

- 3.A. Implement examination study recommendations. (Licensing)
- 3.B. Translate consumer service forms. (Human Resources)
- 3.C. Develop guidelines for the use of unlicensed administrative assistants. (Enforcement)
- 3.E. Purchase money bonds. (Subdivisions)
- 3.F. Refine Web based timeshare consumer information. (Legislation & Public Information)
- 3.G. Update the *Reference Book – A Real Estate Guide*. (Legislation & Public Information)
- 3.H. Outsource the revision of the *Disclosures in Real Property Transactions* publication. (Education & Research)
- 3.I. Identify future Education & Research projects. (Education & Research)
- 3.J. Update Professional Responsibility Exam and course materials. (Education & Research)

**2005/2006**

- 3.AA. Develop guidelines for the use of unlicensed administrative assistants. (Enforcement)
- 3.BB. Revision of the Subdivision Public Report. (Subdivisions)
- 3.CC. Refine web based timeshare consumer information. (Legislation & Public Information)
- 3.DD. Update the *Reference Book – A Real Estate Guide*. (Legislation & Public Information)
- 3.EE. Outsource the revision of the *Disclosures in Real Property Transactions* publication. (Education & Research)

**2006/2007**

N/A

**Goal 4. Assess and improve services and efficiencies.****2004/2005**

- 3.D. Implement timeshare reforms. (Subdivisions)
- 4.A. Design and implement new real estate license certificate. (Licensing)
- 4.B. Identify impact to DRE on unfunded increases in expenditures. (Fiscal)
- 4.C. Feasibility of outsourcing court document retrieval. (Enforcement)
- 4.D. Study the investigative process to identify methods to improve efficiency. (Enforcement)
- 4.E. Regulatory review. (Enforcement)
- 4.F. Refine and implement audit performance standards. (Audits)
- 4.G. Study Audit Program operating procedures. (Audits)
- 4.H. Update sample Trust Account Review Report. (Audits)

**2005/2006**

- 4.AA. Business machines review. (Fiscal)
- 4.BB. Feasibility of outsourcing court document retrieval. (Enforcement)
- 4.CC. Study the investigative process to identify methods to improve efficiency. (Enforcement)
- 4.DD. Regulatory review. (Enforcement)

**2006/2007**

N/A

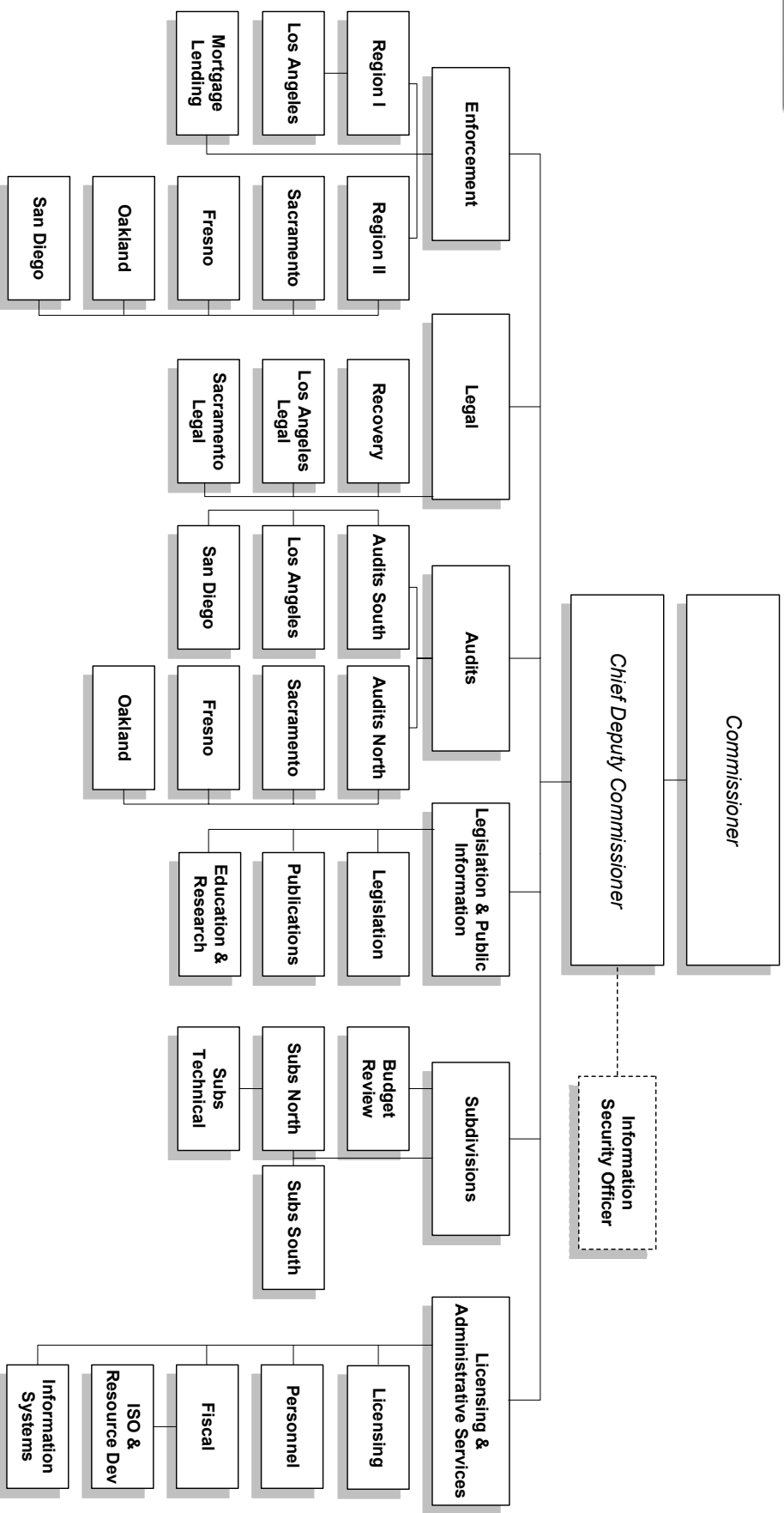
### ***MONITORING PERFORMANCE***

To monitor overall progress and performance, the Commissioner and the Chief Deputy will conduct meetings, as necessary, with each of the program managers who are responsible for carrying out the stated objectives.

# ***APPENDIX***



# Department of Real Estate



## ***APPENDIX B***

### ***DIVISION DESCRIPTIONS***

#### ***LICENSING:***

If a person wishes to engage in the real estate business and act in the capacity of, advertise as, or assume to act as a real estate broker or salesperson within California, a real estate license must first be obtained from the DRE.

Before a real estate salesperson may obtain a license, he or she must apply for and pass a real estate examination and fulfill certain educational requirements. A broker applicant, in addition to the required education, must also have two years of licensed salesperson experience (or the equivalent) before applying for the exam. Broker and salesperson licenses are issued for a four year period. In general, both types of licenses may be renewed by submitting the appropriate application and fee, along with evidence of completion of 45 hours of DRE-approved continuing education courses (including required courses in Ethics, Agency Relationships, Trust Fund Handling and Fair Housing).

#### ***ENFORCEMENT:***

The Enforcement Section is the investigative division of the DRE. The Real Estate Law provides that either upon receipt of a verified written complaint, or on his/her own motion, the Commissioner may investigate the actions within the jurisdiction of the Department, of any person acting in the capacity of a real estate licensee within California.

To investigate these complaints, the Department maintains five Enforcement offices: Oakland, Sacramento, Fresno, Los Angeles, and San Diego. The staff in these offices administer the law through the investigation of consumer complaints against licensees, the investigation of alleged subdivision violations, and the qualification of applicants for real estate licensure. Staff also conducts investigations of unlicensed persons who may be performing activities for which a real estate license is required.

The primary purpose of the Department's investigations is to determine whether or not a violation of the Real Estate Law has occurred. If the evidence gathered by the assigned investigator indicates that a violation has occurred, a staff attorney will review the file for legal sufficiency in anticipation of filing an Accusation against the licensee. An Accusation is a formal accusatory pleading informing the licensee of the alleged violations and the Department's intention to discipline his or her license if the violations are proven at an administrative hearing.

#### **Mortgage Loan Activities:**

The Mortgage Loan Section monitors mortgage loan activity through required business and trust account reports submitted by real estate brokers who meet certain threshold criteria. Mortgage loan advertising is reviewed on a statewide basis in all media, and educational materials are

prepared and made available by this unit to both brokers and consumers. Also, consumers are assisted with problems incurred with lenders and brokers in mortgage loan transactions and if violations are discovered, they are referred to the Enforcement Section for investigation.

The Mortgage Loan Section is the primary liaison with mortgage trade organizations and other state and federal agencies enforcing laws relative to mortgage loan activity.

### *AUDITS:*

The mission of the Audit Program is to protect the consumer through financial compliance audits of real estate licensees and subdivision developments. The primary focus of DRE audits is the handling of trust funds by licensees and subdividers. Through the Audit Program, Department staff determines if the operations of real estate brokers or subdividers, as reflected in their business records, comply with the requirements of the Real Estate Law and the Subdivided Lands Law. In addition, the Audit Program reviews threshold mortgage loan broker annual and quarterly reports for possible trust fund handling violations and is responsible for the internal audit function of the Department. It also acts as the Audit Resolution Liaison for all external audits of the Department by its control agencies, e.g., Department of Finance, Controller's Office, Bureau of State Audits, etc.

The Department has field auditors assigned to the Sacramento, Oakland, Fresno, Los Angeles, and San Diego offices. Audits performed are either investigative or routine. Investigative audits are initiated based on a complaint from the public or information received indicating probable violations by a licensee. Routine audits are performed, when resources allow, on randomly selected licensees engaged in real estate activities, primarily where the risk of financial loss to the public is high, e.g., mortgage loan brokers, property managers and broker escrows.

As to cost recovery, the Department may charge for those audits which relate to substantiating trust fund mishandling by a real estate broker provided the violation is subsequently proven at a disciplinary hearing, stipulated to by the licensee, or resulted in the issuance of a Desist and Refrain Order. The Department may also bill the licensee for follow-up compliance audits.

### *SUBDIVISIONS:*

The principal state law regulating most sales (or leases) of subdivided land in California is the Subdivided Lands Law (Business and Professions Code Sections 11000 – 11200). This Law protects the public against fraud and misrepresentation in the sale or lease of subdivided land through the issuance of public reports which are disclosure documents provided to prospective purchasers of subdivision interests. In this regard, the Real Estate Commissioner is charged with the responsibility for adopting regulations to oversee the creation and marketing of subdivision interests. These regulations are found at Title 10 California Code of Regulations Sections 2790 – 2822.

#### Technical Unit

The Technical Unit (located at the Sacramento office) processes complex subdivision filings, including timeshares and undivided interest subdivisions.

#### Budget Review Unit

Department staff review and analyze proposed homeowner association budgets pertaining to maintenance and operational costs relative to common areas and facilities of common interest subdivisions.

#### LEGAL:

The primary duties of the Department's Legal Section are to administratively prosecute violations of the Real Estate Law and the Subdivided Lands Law, file disciplinary actions, issue Desist and Refrain Orders and provide legal guidance to Department staff as to the provisions of the Real Estate Law.

Disciplinary actions are instituted by filing either a Statement of Issues to challenge an applicant's qualifications for licensure or an Accusation to seek the suspension or revocation of an existing license. These pleadings are then brought to trial in a formal adversary evidentiary hearing before an Administrative Law Judge. The hearings are conducted in accordance with the provisions of the Administrative Procedures Act. A Desist and Refrain Order is an administrative injunction issued to stop violations of either the Real Estate Law or the Subdivided Lands Law. Desist and Refrain Orders may be issued to either licensees or members of the public.

#### Recovery Unit

Currently, 12% of all license fees are paid into the Recovery Account. This money is then used to reimburse "aggrieved" members of the public who have obtained a civil judgment, arbitration award or criminal restitution order, based on intentional fraud, deceit, misrepresentation or conversion of trust funds in connection with a transaction in which the licensee (judgment debtor or criminal defendant) was performing acts for which a real estate license was required, and have been unable to fully collect on their judgment or order. To be eligible for payment, applicants must be able to prove that they have satisfied the requirements set forth in the Business and Professions Code. Applications for payment from the Recovery Account are filed with the Department's Recovery Unit, which is part of the Sacramento Legal Section.

Successful applicants are able to recover up to \$20,000 per transaction of their actual and direct (out-of-pocket) losses in the transaction. The Recovery Account's maximum liability is \$100,000 per licensee.



### *LEGISLATION AND PUBLIC INFORMATION UNIT:*

The Assistant Commissioner for Legislation and Public Information organizes and directs the legislative activities of the Department and acts as the Department's principal legislative advocate. He is responsible for the Department's public information program and serves as the Department's media contact. He directs a staff involved in the preparation and dissemination of the quarterly "Real Estate Bulletin" and other Departmental publications, and in updating the Department's Web site policies and content.

#### Education and Research

Under the direction of the Assistant Commissioner for Legislation and Public Information, the Education and Research Section reviews continuing education courses and approves examination qualification courses offered by private schools. In addition, this Section administers a research program authorized under Section 10451.5 of the Business and Professions Code, which makes funds available to be used by the Real Estate Commissioner in the advancement of education and research in the field of real estate.

This section also provides administrative support to the Executive Office and Program Managers by pursuing special projects, as assigned.

### *ADMINISTRATIVE SERVICES:*

The Department of Real Estate's Administrative Services consist of the Fiscal (Accounting, Budget, Business Services) Section, Information Systems Section, and Human Resources. All of these units provide support services to the Department's line programs.

#### Human Resources

Human Resources provides administrative support to the Department of Real Estate's (DRE) line programs through support services such as recruitment and hiring, position classification, civil service examinations, employee discipline, labor relations, personnel transactions, employee benefits, training, employee counseling, equal employment and records and forms management.

The Human Resources Section is located in the Sacramento office.

#### Information Systems Section

The Information Systems Section (ISS) has as its primary mission to identify and conduct activities related to aligning the Department of Real Estate's business direction with emerging and proven technology solutions.

ISS is a multi-functional entity that provides for the development, maintenance, operations, and administration of the Department's information technology solutions. This includes the support of the Department's efforts in information processing, telecommunications, and office automation systems statewide.

ISS has staff located in the Sacramento and Los Angeles offices.

#### Fiscal Section

Management oversight of DRE's budget resources is facilitated by a centralized procurement methodology. With this methodology in place, DRE management assures that all acquisitions are appropriately approved and justified, procurement rules are observed, purchases are directly tied to approved strategic objectives, and financial limits are adhered to.

All fiscal operations as described below are located in the Sacramento Principal Office.

- Budgets

The DRE is administered in accordance with an authorized budget approved by the Administration and the Legislature. The Budget Section maintains financial data on DRE's individual programs which includes an itemized summary of expenditures and income for each fiscal year (July 1 – June 30). Based on this information, and with the input from the Managers of the major operating units within the DRE, fiscal projections and proposed budgets are developed.

- Accounting

The Accounting Section utilizes the CALSTARS Accounting System (State computerized accounting network) in managing the bookkeeping involved with DRE's business transactions. This Section is responsible for the preparation of financial statements concerning the assets and liabilities of the DRE. In addition, Accounting is responsible for cashiering all money receipts, dishonored checks and publication sales and for making travel arrangements for DRE staff.

- Business Services

The Business Services Section manages the stockroom and is responsible for, 1) providing supplies to DRE staff, 2) maintaining inventory statewide, 3) purchasing minor and major equipment, 4) arranging reproduction orders, including agreements with General Services and the State Printing Plant, 5) shipping and receiving, 6) sorting and delivering mail, and 7) facilities management.

- Reports and Contracts

The primary responsibilities for Contracts include assuring contract procurement compliance and contract execution. In addition, the creation and management of the majority of the statutorily required Departmental reports, including the Operations Recovery Plan and Risk Management Report, are performed within this role.

- Information Security Officer (ISO)

The ISO is a member of the Department's Security Assessment Team and is responsible for:

- 1) Ensuring timely notification when information security incidents occur.
- 2) Filing an Information Security Incident Report with the appropriate authorities after discovery of an incident.
- 3) Participating in the incident handling processes as necessary.
- 4) Assuring ongoing compliance with user security updates.
- 5) Performing oversight of security log archiving.
- 6) Reviewing security logs for possible intrusions, breaches, or suspect access.
- 7) Providing assistance or guidance with training programs to teach users how to avoid security incidents.

## **APPENDIX C**

### **OBJECTIVES**

#### ***I. LICENSING SECTION***

##### **Objective 1.A. Explore testing private/public partnership. (2004/2005)**

An opportunity may exist to improve the accessibility of the examinations scheduled and administered by DRE at local real estate association offices. To initiate such a private/public partnership, DRE will communicate with industry as to the potential for their participation and, if mutually acceptable, engage the industry in the planning of a pilot project targeting two cities where exams are not otherwise offered, representing a reasonably significant volume of examinees, and wherein the examinee now incurs considerable travel time and expense.

##### ***Implementation Strategy***

- |    |   |                |
|----|---|----------------|
| 1. | Meet with industry and secure approval for the concept. | June, 2004     |
| 2. | Complete project plan with identified target cities.    | July, 2004     |
| 3. | Begin testing phase of pilot.                           | August, 2004   |
| 4. | Conclude testing phase.                                 | October 2004   |
| 5. | Publish results and make recommendations.               | December, 2004 |

##### ***Outcome Measure***

This pilot project will provide examinees with increased convenience and accessibility to examination facilities.

##### ***Output Measure***

The conclusion of this endeavor will result in recommendations on possible continuance and expansion of the program.

##### ***Efficiency Measure***

Examinees will have to travel fewer miles to an examination site and the Department will have expanded options for testing centers.

##### ***Plan for Monitoring Performance***

- Follow the project work plan completion criteria.
- Track status of milestones.
- Regularly scheduled meetings will also be conducted with the project team to review the plan and coordinate schedules, evaluate project deliverables, and address open issues or changes.
- The DRE project manager will be responsible for providing status reports and monthly progress reports throughout the life of the project to the Chief Deputy.

Explanatory Measure

The reception of the industry to this concept and the results of the pilot project will dictate whether DRE is able to pursue this endeavor and implement any permanent scheduling arrangements.

**Objective 1.B. Accelerate the original license process. (2004/2005)**

DRE plans to allow potential licensees the option to submit the examination and license application for simultaneous processing. Conceptual design meetings have resulted in the drafting of a phased solution beginning after legislation is adopted with manual processing of applications. Licensing proposes to pursue the manual solution as Phase I followed by technology enhancements as Phase II, once developed.

Implementation Strategy

- |    |  |                 |
|----|--|-----------------|
| 1. | Assist in drafting legislation to permit simultaneous submittal. | September, 2004 |
| 2. | Seek authorization to pursue legislation.                        | October, 2004   |
| 3. | Finalize Phase I Plan.   | June, 2005      |

Outcome Measure

Authority to pursue an accelerated original license process.

Output Measure

Related legislation.

Efficiency Measure

The consolidated review of the examination and license qualifications will compress the overall application processing timeframe. Most applications with deficiencies can be remedied concurrent with the examination process.

Plan for Monitoring Performance

Conduct meetings with Licensing and Legal staff as appropriate to monitor progress and coordinate with the Assistant Commissioner, Administration and the Assistant Commissioner, Legislation.

**Objective 1.C. Expand eLicensing (2004/2005)**

Examination and Licensing staff will work with the ISS Section to expand eLicensing functionalities.

Implementation Strategy

- |    |   |                 |
|----|---|-----------------|
| 1. | Assess specific eLicensing opportunities.                             | August, 2004    |
| 2. | Add second phase of examinations online for original applicants.      | September, 2004 |
| 3. | Plan enhancements for eLicensing and produce implementation schedule. | October, 2004   |

- |    |  |                |
|----|--|----------------|
| 4. | Management approval of recommended schedule. | November, 2004 |
| 5. | Implement enhancements.                      | June, 2005     |

Outcome Measure

Enhanced online services to the real estate licensee and examinee.

Output Measure

New functions include the second phase of examinations online, employing broker termination of salespeople, and the like.

Efficiency Measure

All license or examination transactions completed online help reduce processing timeframes. Not only is the transaction entered into the system by the applicant, the creation of the permanent record in the License Masterfile Optical System is automatic resulting in optimum efficiency. The public record is updated immediately to support verification by the public and the industry.

Plan for Monitoring Performance

- Follow the project work plan completion criteria.
- Track status of milestones.
- The DRE project manager will be responsible for providing status reports and monthly progress reports throughout the life of the project to the project CIO and executive staff.
- Regularly scheduled meetings will also be conducted with the project team to produce designs, coordinate schedules, promote change management, review project deliverables, and address open issues or changes.

**Objective 2.A. Study the feasibility of electronic examination administration.  
(2004/2005)**

The Department currently uses test booklets, answer sheets and pencils to administer the salesperson and broker examinations. Technology currently exists that would allow the Department to administer the examinations electronically. Staff will participate in a study to determine the feasibility of converting to an electronic examination system.

Implementation Strategy

- |    |  |                |
|----|--|----------------|
| 1. | Determine business objectives and goals.   | December, 2004 |
| 2. | Evaluate and research like installations – test options.   | April, 2005    |
| 3. | Consider the feasibility of a pilot project while finalizing the feasibility study report (FSR). | June, 2005     |

Outcome Measure

The resulting study generated from this objective will guide the Department in modernizing its testing practices and set the stage for additional efficiencies, such as providing the exam results at the test centers.

Output Measure

A feasibility study report document needed to garner project approval.

Efficiency Measure

The feasibility study report process assures that the Department's plan for implementation will be cost beneficial and well planned.

Plan for Monitoring Performance

Conduct meetings with Licensing and ISS staff as appropriate to monitor progress and coordinate with the ISS project manager.

**Objective 2.B.            Licensing Interactive Voice Response (IVR) system upgrade  
(2004/2005)**

Submit the feasibility study report (FSR) for control agency approval. Modify and enhance the existing IVR system as warranted within resource constraints.

Implementation Strategy

- |    |  |                |
|----|--|----------------|
| 1. | Assist ISS in development of the procurement and project plan. | June, 2004     |
| 2. | Submit FSR.  | July, 2004     |
| 3. | Assist ISS in obtaining control agencies approvals.            | December, 2004 |
| 4. | Enhance the existing IVR as possible.                          | December, 2004 |
| 5. | Track performance of the IVR system and call responses.        | January, 2005  |
| 6. | Prepare a budget change proposal (BCP) to fund the new system. | April, 2005    |
| 7. | Submit the BCP to secure funding for FY 06/07 budget.          | June, 2005     |

Outcome Measure

A best value procurement of a new and improved telephone system.

Output Measure

A BCP to secure the funding of the new system.

Efficiency Measure

In the interim, the Department will modify, to the extent that it is able, the existing telephone structure to improve accessibility by improving the understandability of the options, adding access points, and expanding the number of service technicians.

Plan for Monitoring Performance

Conduct meetings with Licensing and ISS staff as appropriate to monitor progress and coordinate with the ISS project manager. Project oversight to be provided as described in the project plan.

Explanatory Measure

In order to submit a BCP for consideration, the FSR recommended solution must have met the approval of the Department of Finance and the Department of General Services. Project initiation is then contingent upon the approval of the related BCP.

**Objective 3.A. Implement examination study recommendations. (2004/2005)**

Salesperson and broker examination content has been validated through an independent analysis. In order to implement the provisions of the study, the Examination Preparation Section must develop new and segmented tests that meet the new content criteria.

Implementation Strategy

1. Create and administer new examinations. June, 2005

Outcome Measure

Entry level licensees who have demonstrated an understanding of real estate knowledge necessary to properly serve consumers.

Output Measure

Updated examination content that reflects current standards of practice.

Efficiency Measure

A schedule has been developed for the creation of new examinations that will be followed to incorporate the new subject matter weights and standards.

Plan for Monitoring Performance

Conduct meetings with Licensing Manager and the Examination Preparation staff as appropriate to monitor progress and coordinate with the Assistant Commissioner. The Licensing Manager, through a monthly assessment, will monitor schedule adherence. Progress reports will be provided to the Assistant Commissioner.

**Objective 4.A. Design and implement new real estate license certificate.  
(2004/2005)**

Develop a new license certificate and pocket card.

Implementation Strategy

1. Prepare a portfolio of samples. October, 2004
2. Approval of new certificate. November, 2004
3. New license design complete. December, 2004
4. Develop and test programs to create new certificates. March, 2005
5. Produce new certificates. June, 2005



Outcome Measure

An acknowledgement and reflection of real estate professionals.

Output Measure

License certificates suitable for framing and functional pocket identification cards.

Efficiency Measure

The current license certificate incorporates a sealing technology as a preparation for mailing. The machine operations of folding and sealing the license certificate and pocket card have become outdated. As a result, alternate methods for sealing and mailing licenses have been adopted. With the new certificate, the overhead of this process will be redirected to support the shipping and handling of a professional license with fewer certificates becoming damaged during mailing.

Plan for Monitoring Performance

The DRE project manager will be responsible for monitoring and reporting progress to the Assistant Commissioner, Licensing and Administrative Services.

**Objective 1.AA. Accelerate the original examination/license process – Phase I  
(2005/2006)**

Begin Phase I of the accelerated original/examination solution as authorized by the adoption of appropriate legislation.

Implementation Strategy

- |    |   |               |
|----|---|---------------|
| 1. | Revise applications; initial system design and development;<br>train staff; redistribute work; and draft reports. | January, 2005 |
| 2. | Begin accepting and processing accelerated applications.  | January, 2005 |

Outcome Measure

Consolidate the examination and license application processes.

Output Measure

Optional accelerated application submittal.

Efficiency Measure

The optional submittal of the examination and license applications will compress the overall application processing timeframe.

Plan for Monitoring Performance

- Follow the project work plan completion criteria.
- Track status of milestones.

- Regularly scheduled meetings will also be conducted with the project team to review plan and coordinate schedules, evaluate project deliverables, and address open issues or changes.
- Project deliverables will be reviewed and refined, as necessary.
- Project reporting will continue with Phase II to assure concept objectives are realized.
- Change control reports will be monitored.
- The DRE project manager will be responsible for providing status reports and monthly progress reports through the life of the project to the Chief Deputy.

**Objective 2.AA. Submit electronic examination system FSR (2005/2006)**

Submit the feasibility study report (FSR) for control agency approval. Seek funding of the electronic examinations project based upon prior approval of the feasibility study report.

Implementation Strategy

- |   |                |
|---|----------------|
| 1. Submit FSR   | July, 2005     |
| 2. Assist ISS in obtaining control agencies approvals.            | December, 2005 |
| 3. Prepare a budget change proposal (BCP) to fund the new system. | April, 2006    |
| 4. Submit a BCP to secure funding for FY 07/08.                   | June, 2006     |

Outcome Measure

A best value procurement of a new and improved examination system.

Output Measure

A BCP to secure the funding of the new system.

Efficiency Measure

In the interim, DRE will attempt to continue any pilot project that may have been initiated as a result of the initial study.

Explanatory Measure

BCP for 07/08 FY, if warranted.

**Objective 1.AAA. Accelerate the original license process – Phase II (2006/2007)**

Conclude Phase II of the optional accelerated original/examination process by implementing technology enhancements, as warranted.

Implementation Strategy

- |  |                 |
|--|-----------------|
| 1. Finalize design of enhancements.      | September, 2006 |
| 2. Test enhancements.                    | March, 2007     |
| 3. Retest revisions based upon feedback. | May, 2007       |
| 4. Implement enhancements.               | June, 2007      |

Outcome Measure

This objective will reduce the manual tracking of consolidated applications.

Output Measure

Once the automated tracking is completed, information is more readily available to answer inquiries.

Efficiency Measure

Staff will be able to determine the status of a consolidated application through an online search.

Plan for Monitoring Performance

- Follow the project work plan completion criteria.
- Track status of milestones.
- Regularly scheduled meetings will also be conducted with the project team to review plan and coordinate schedules, evaluate project deliverables, and address open issues or changes.
- Project deliverables will be reviewed and refined, as necessary.
- Project reporting will continue with Phase II to assure concept objectives are realized.
- Change control reports will be monitored.
- The DRE project manager will be responsible for providing status reports and monthly progress reports throughout the life of the project to the Chief Deputy.

**Objective 2.AAA. Implement licensing interactive voice response (IVR) system upgrade. (2006/2007)**

If approval and funding are secured, assist ISS and a vender/integrator, as appropriate, in the design and development of a new IVR system.

Implementation Strategy

- |    |   |            |
|----|---|------------|
| 1. | Assist in the design and development of the new IVR system. | June, 2007 |
| 2. | Assist in the testing of the new system.                    | June, 2007 |

Outcome Measure

Improve service levels to the industry and the public.

Output Measure

Increased accessibility to informational resources.

Efficiency Measure

Increase the understanding of recorded information and access to service representatives.

Plan for Monitoring Performance

Conduct meetings with Licensing and ISS staff as appropriate to monitor progress and coordinate with the ISS project manager. Project oversight to be provided as described in the project plan.

## ***II. ADMINISTRATIVE SERVICES SECTION***

### **A. Information Services Section**

#### **Objective 1.C. Expand eLicensing. (2004/2005)**

Examination and Licensing staff will work with the ISS Section to expand eLicensing processes.

##### ***Implementation Strategy***

- |    |   |                 |
|----|---|-----------------|
| 1. | Assess specific eLicensing opportunities.                             | August, 2004    |
| 2. | Add second phase of examinations online for original applicants.      | September, 2004 |
| 3. | Plan enhancements for eLicensing and produce implementation schedule. | October, 2004   |
| 4. | Management approval of recommended schedule.                          | November, 2004  |
| 5. | Implement enhancements.   | June, 2005      |

##### ***Outcome Measure***

Enhanced online services to real estate licensees and examinees.

##### ***Output Measure***

New functions include the second phase of examinations online, employing broker termination of salespeople, and the like.

##### ***Efficiency Measure***

All license or examination transactions completed online help reduce processing timeframes. Not only is the transaction entered into the system by the applicant, the creation of the permanent record in the License Masterfile Optical System is automatic resulting in optimum efficiency. The public report is updated immediately to support verification by the public and the industry.

##### ***Plan for Monitoring Performance***

- Follow the project work plan completion criteria.
- Track status of milestones.
- The DRE project manager will be responsible for providing status reports and monthly progress reports throughout the life of the project to the project CIO and executive staff. Regularly scheduled meetings will also be conducted with the project team to produce designs, coordinate schedules, promote change management, review project deliverables, and address open issues or changes.

#### **Objective 2.A. Study the feasibility of electronic examination administration. (2004/2005)**

In a collaborative effort with Licensing, ISS staff will assist the successful contractor in the study of the feasibility of converting to an electronic examination system.

Implementation Strategy

- |    |  |                 |
|----|--|-----------------|
| 1. | Engage contractor.   | September, 2004 |
| 2. | Participate in determining business objectives and goals.  | December, 2004  |
| 3. | Evaluate and research like installations – test options.   | April, 2005     |
| 4. | Consider the feasibility of a pilot project while finalizing the feasibility study report (FSR). | June, 2005      |

Outcome Measure

The resulting study generated from this objective will guide the Department in modernizing its testing practices and set the stage for additional efficiencies, such as providing the results at the test centers.

Output Measure

A feasibility study report document needed to garner project approval.

Efficiency Measure

The feasibility study report process assures that the Department's plan for implementation will be cost beneficial and well planned.

Plan for Monitoring Performance

Conduct meetings with Licensing and ISS staff as appropriate to monitor progress and coordinate with the ISS project manager.

Explanatory Measure

Funding for the implementation of this project is subject to the budget process and is expected to be dependent upon a partial repayment of the outstanding General Fund Loan.

**Objective 2.C. & 2.BB.      Information Technology (IT) Equipment Refresh  
(2004/2005-2005/2006)**

The Department's IT infrastructure devices are aging and some are beyond the warranty timeframes. The Department needs to consider an IT equipment refresh plan to keep current with the newer technologies and security configurations.

Implementation Strategy

- |    |   |                |
|----|---|----------------|
| 1. | Determine the hardware/software requirements and develop a project plan for upgrading the department's IT infrastructure. | July, 2004     |
| 2. | Prepare a draft Feasibility Study Report (FSR), as necessary.   | December, 2004 |
| 3. | Finalize and submit FSR.  | March, 2005    |
| 4. | Prepare BCP for FY 05/06, if warranted.   | July, 2006     |
| 5. | Implement the upgrade plan.   | December, 2007 |

Outcome Measure

Current IT infrastructure.

Output Measure

Updated hardware and software.

Efficiency Measure

Improved employee productivity through faster, more efficient tools.

Plan for Monitoring Performance

- Follow the project plan completion criteria.
- Track status of milestones.
- Regularly scheduled meetings will be conducted with the project team to coordinate schedules, resolve conflicts, and address open issues or changes.

Explanatory Measure

This project may require the approval of a feasibility study report and may be dependent on resource augmentations being authorized through the BCP process for fiscal year 05/06.

**Objective 2.D.      Cashiering/Fiscal Re-engineering Project, Phase Two (2004/2005)**

Incorporate follow-on phases of improvement for bar coded input of fee type and application tracking.

Implementation Strategy

1. Implement project objectives as detailed in the project plan.

April, 2005

Outcome Measure

Increased and current availability of application receipt information.

Output Measure

Immediate recording and tracking of fees and applications.

Efficiency Measure

Eliminates the need to manually search for application and fee information. Provides a platform for expansion of information onto the DRE web site in the form of tracking a submittal.

Plan for Monitoring Performance

- Follow the project work plan completion criteria.
- Track status of milestones.
- The DRE project manager will be responsible for providing status reports and monthly progress reports throughout the life of the project to the project CIO and executive staff.
- Regularly scheduled meetings will also be conducted with the project team to coordinate schedules, resolve conflicts, review project deliverables, and address open issues or changes.

**Objective 2.E. EIS Efficiency Reviews/User Group Feedback (2004/2005)**

Annual review of EIS functionality by program areas incorporating user group feedback.

**Implementation Strategy**

- |    |   |               |
|----|---|---------------|
| 1. | Schedule enhancement reviews for program areas.         | January, 2005 |
| 2. | Engage stakeholders and solicit enhancements/solutions. | April, 2005   |
| 3. | Develop EIS enhancement schedules.                      | June, 2005    |

**Outcome Measure**

Increased system use and performance.

**Output Measure**

Identification of EIS bugs and enhancements, prioritization of implementation, increased user understanding of system related issues.

**Efficiency Measure**

Provides a platform for stakeholder interaction with the technical staff responsible for system maintenance. Affords the introduction of solutions to enhance employee productivity.

**Plan for Monitoring Performance**

- Track status of reviews and prioritization of changes.
- The DRE project manager will be responsible for providing status reports and monthly progress reports throughout the life of the project to the project CIO and executive staff.
- Regularly scheduled meetings will also be conducted with the project team to coordinate schedules, resolve conflicts, review project deliverables, and address open issues or changes.

**Objective 2.F. Pilot project to consolidate mass printing and mass copying functions. (2004/2005)**

ISS operations produces mass mailings of licensee renewal applications and various examination forms. This objective would merge the copying effort of the applications with the data extracted from the ISS function into a single operation. This objective could first be tested with the renewal applications.

**Implementation Strategy**

- |    |  |                 |
|----|--|-----------------|
| 1. | Prepare project analysis and pilot plan.   | September, 2004 |
| 2. | Management approval of project plan.   | October, 2004   |
| 3. | Implement pilot project objectives as detailed in project plan.  | February, 2005  |
| 4. | Prepare analysis of pilot project attainment of objectives and recommendations for possible expansion. | June, 2005      |

**Outcome Measure**

Sources of information and applications for the licensee.

Output Measure

Reduction in printing costs.

Efficiency Measure

Eliminates the mass production of applications prior to being merged with specific information.

Plan for Monitoring Performance

- Follow the project work plan completion criteria.
- Track status of milestones.
- The DRE project manager will be responsible for providing status reports and monthly progress reports throughout the life of the project to the project CIO and executive staff.
- Regularly scheduled meetings will also be conducted with the project team to coordinate schedules, resolve conflicts, review project deliverables, and address open issues or changes.

**Objective 1.AA. Accelerate the original license process (2005/2006)**

Begin Phase I of the accelerated original/examination process as authorized by the chaptering of appropriate legislation.

Implementation Strategy

- |    |  |               |
|----|--|---------------|
| 1. | Revise applications; initial system design and development, train staff, redistribute work, and draft reports. | January, 2005 |
| 2. | Begin accepting and processing accelerated applications.   | January, 2005 |

Outcome Measure

Consolidate the examination and license application processes.

Output Measure

Optional accelerated application submittal.

Efficiency Measure

The optional submittal of concurrent examination and license applications will compress the overall application processing timeframe.

Plan for Monitoring Performance

- Follow the project work plan completion criteria.
- Track status of milestones.
- Regularly scheduled meetings will also be conducted with the project team to review plan and coordinate schedules, evaluate project deliverables, and address open issues or changes.
- Project deliverables will be reviewed and refined, as necessary.
- Project reporting will continue with Phase II to assure concept objectives are realized.
- Change control reports will be monitored.



- The DRE project manager will be responsible for providing status reports and monthly progress reports throughout the life of the project to the Chief Deputy.

**Objective 2.AA. Submit electronic examination system FSR. (2005/2006)**

Submit the feasibility study report for control agency approval. Seek funding of the electronic examinations project based upon prior approval of the feasibility study report.

Implementation Strategy

- |   |                |
|---|----------------|
| 1. Submit FSR.  | July, 2005     |
| 2. Assist ISS in obtaining control agencies approvals.            | December, 2005 |
| 3. Prepare a budget change proposal (BCP) to fund the new system. | April, 2006    |
| 4. Submit a BCP to secure funding for FY 07/08.                   | June, 2006     |

Outcome Measure

A best value procurement of a new and improved examination system.

Output Measure

A BCP to secure the funding of the new system.

Efficiency Measure

In the interim, DRE will attempt to continue any pilot project that may have been initiated as a result of the initial study.

Explanatory Measure

BCP for fiscal year 2007/08, if warranted.

**Objective 1.AAA. Accelerate the original license process – Phase II (2006/2007)**

Conclude Phase II of the optional accelerated original/examination process by implementing technology enhancements, as warranted.

Implementation Strategy

- |  |                 |
|--|-----------------|
| 1. Finalize design of enhancements.      | September, 2006 |
| 2. Test enhancements.                    | March, 2007     |
| 3. Retest revisions based upon feedback. | May, 2007       |
| 4. Implement enhancements.               | June, 2007      |

Outcome Measure

This objective will reduce the manual tracking of consolidated applications.

Output Measure

Once the automated tracking is completed, information is more readily available to answer inquiries.

Efficiency Measure

Staff will be able to determine the status of a consolidated application through an online search.

Plan for Monitoring Performance

- Follow the project work plan completion criteria.
- Track status of milestones.
- Regularly scheduled meetings will also be conducted with the project team to review plan and coordinate schedules, evaluate project deliverables, and address open issues or changes.
- Project deliverables will be reviewed and refined, as necessary.
- Project reporting will continue with Phase II to assure concept objectives are realized.
- Change control reports will be monitored.
- The DRE project manager will be responsible for providing status reports and monthly progress reports throughout the life of the project to the Chief Deputy.

**Objective 2.AAA. Implement licensing interactive voice response (IVR) system upgrade. (2006/2007)**

If approval and funding is secured, assist Licensing and a vender/integrator, as appropriate, in the design and development of a new IVR system.

Implementation Strategy

- |    |   |               |
|----|---|---------------|
| 1. | Assist in the design and development of the new IVR system. | January, 2007 |
| 2. | Assist in the testing of the new system.                    | June, 2007    |

Outcome Measure

Improved service levels to the public and industry.

Output Measure

Increased accessibility to informational sources.

Efficiency Measure

Increase the understanding and the availability of recorded information and access to service representatives.

Plan for Monitoring Performance

Conduct meetings with Licensing and ISS staff as appropriate to monitor progress and coordinate with the ISS project manager. Project oversight to be provided as described in the project plan.

## **B. Fiscal Section/Business Services**

**Objective 2.D. Cashiering/fiscal re-engineering project – Phase Two (2004/2005)**

Incorporate follow-on phase of bar coded input of fee type and application tracking.

Implementation Strategy

1. Implement project objectives as detailed in the project plan.

April, 2005

Outcome Measure

Increased and current availability of application receipt information.

Output Measure

Immediate recording and tracking of fees and applications.

Efficiency Measure

Eliminates the need to manually search for application and fee information. Provides a platform for expansion of information onto the DRE web site in the form of tracking a submittal.

Plan for Monitoring Performance

Fiscal Manager will be responsible to ensure schedule adherence. Status meetings will be held with appropriate staff of all sections and with the Chief of Administration to ensure compliance with project timeline.

**Objective 2.F. Pilot project to consolidate the ISS section's mass printing and mass copying functions. (2004/2005)**

ISS operations produces mass mailings of licensee renewal applications and various examination forms. This objective would merge the copying effort of the application documents with the data extracted from the ISS function.

Implementation Strategy

1. Prepare project analysis and pilot plan.
2. Management approval of project plan.
3. Implement pilot project objectives as detailed in project plan.
4. Prepare analysis of pilot project attainment of objectives and recommendations for possible expansion.

September, 2004

October, 2004

February, 2005

June, 2005

Outcome Measure

Sources of information and applications for the licensee.

Output Measure

Reduction in printing costs.

Efficiency Measure

Eliminates the mass production of applications prior to being merged with specific information.

Plan for Monitoring Performance

Fiscal Manager will be responsible to ensure pilot project is performed as identified. Status meetings will be held with appropriate staff of all sections and with the Chief of Administration to ensure compliance with project.

**Objective 2.G. Automated submittal of duplication requests. (2004/2005)**

Pilot project to allow staff to electronically submit reproduction requests and material to the Reproduction Processing Unit.

Implementation Strategy

- |  |                 |
|--|-----------------|
| 1. Define goals of pilot project.              | August, 2004    |
| 2. Perform project.                            | September, 2004 |
| 3. Review attainment of goals.                 | January, 2005   |
| 4. Expand services as demonstrated by project. | March, 2005     |

Outcome Measure

Increased staff efficiency.

Output Measure

Online reproduction request system.

Efficiency Measure

Eliminates the printing of the reproduction master and the manual completion of the printing request form.

Plan for Monitoring Performance

Fiscal Manager will be responsible to ensure pilot project is performed as identified. Status meetings will be held with appropriate staff of all sections and with the Chief of Administration to ensure compliance with project.

**Objective 4.B. Identify impact to DRE on unfunded increases in expenditures. (2004/2005)**

Ascertain the impact to DRE's budget and operations due to prior and projected unfunded increases in expenditures such as rent increases, merit salary adjustments, bus pass subsidies, State portal and eCommerce costs, Attorney General increases, and the like.

Implementation Strategy

- |  |                   |
|--|-------------------|
| 1. Complete analysis of prior years' expenditures.                 | March-April, 2004 |
| 2. Prepare summary and recommendation for Chief of Administration. | May, 2004         |
| 3. If warranted, prepare FY 05/06 BCP for additional funding.      | June, 2004        |

Outcome Measure

A departmental budget that is in line with current expenditures.

Output Measure

Increased line item authorizations consistent with expenditures.

Efficiency Measure

Authorization to fiscally address required expenditures.

Plan for Monitoring Performance

Fiscal Manager will be responsible for status meetings with appropriate budget and accounting staff to ensure that the study is completed within identified scope and timelines. Additional meetings will be held with Executive Management to provide updates of project.

Explanatory Measures

BCP for 05/06 FY, if warranted.

**Objective 4.AA. Business machines review. (2005/2006)**

Prepare analysis of the non-computer business equipment used by DRE for possible replacement should efficiencies and cost benefits be realized.

Implementation Strategy

- |   |                         |
|---|-------------------------|
| 1. Complete cost/benefit analysis of all non-computer business equipment to determine replacement need. | June 2005-January, 2006 |
| 2. Prepare summary and recommendation for Chief of Administration.                                      | March, 2006             |
| 3. If warranted and approved, prepare FY 06/07 BCP for additional funding.                              | June, 2006              |

Outcome Measure

Replacement of outdated equipment.

Output Measure

Lower maintenance costs.

Efficiency Measure

Reduction in equipment downtime and unavailability thereby improving employee productivity.

Plan for Monitoring Performance

Fiscal Manager will be responsible for providing assistance in cost/benefit study and will have status meetings with appropriate staff and Chief of Administration, as necessary.

Explanatory Measures

BCP for fiscal year 06/07, if warranted.

## **C. Human Resources Section**

### **Objective 1.D. Human Resources support of program service levels. (2004/2005)**

Provide recruitment, hiring, training and retention support to the various program areas in line with the objectives of the various performance improvement initiatives.

#### Implementation Strategy

- |  |                 |
|--|-----------------|
| 1. Identify, target and recruit classifications for hiring and transfer. | July, 2004      |
| 2. Prepare job analyses for promotional examinations.                    | August, 2004    |
| 3. Conduct necessary examinations and prepare eligibility lists.         | September, 2004 |
| 4. Promote into and/or fill positions based upon priorities.             | June, 2005      |
| 5. Assist program areas in maintaining temporary staff as needed.        | June, 2005      |

#### Outcome Measure

Resource alignment with Performance Improvement Initiative goals.

#### Output Measure

DRE programs staffed at appropriate levels.

#### Efficiency Measure

Realization of the Performance Improvement Initiative goals.

#### Plan for Monitoring Performance

Status meetings will be held as necessary with staff and the Assistant Commissioner, Licensing and Administrative Services.

### **Objective 1.E. Workforce planning for Department of Real Estate (2004/2005)**

More than 68% of DRE's current workforce is age 45 or older. The available labor pool is shrinking and resulting in greater competition among employers for potential employees.

#### Implementation Strategy

- |  |                |
|--|----------------|
| 1. Analyze DRE's current workforce and capabilities.   | November, 2004 |
| 2. Identify DRE's future workforce needs.  | January, 2005  |
| 3. Compare the current workforce to the anticipated future workforce to identify imbalances. | March, 2005    |
| 4. Develop plans and approaches to build the workforce.                                      | May, 2005      |

#### Outcome Measure

Workforce planning necessary to provide for the strategic alignment of an organization's human capital with its business direction.

Output Measure

An analysis of the current workforce, determining future workforce needs, identifying the gap between the present and the future, and implementing solutions.

Efficiency Measure

Ensures adequate succession planning and key skill replacement processes are in place.

Plan for Monitoring Performance

Status meetings will be held as appropriate with staff and the Assistant Commissioner, Licensing and Administrative Services, to ensure the study is completed within identified scope and timelines.

**Objective 3.B. Translate Consumer Service Forms. (2004/2005)**

Expand the number of consumer service forms that are translated into multiple languages to include RE Form 103, Public Access Guidelines; RE Form 570, Fair Lending Complaint; RE Form 585A, Complaint Form Instructions (Lender Fraud); and RE 806, Recovery Account Information.

Implementation Strategy

- |   |                |
|---|----------------|
| 1. Translate forms into Spanish and Traditional Chinese.    | December, 2004 |
| 2. Duplicate translated forms and post on Web site.         | January, 2005  |
| 3. Review forms inventory for additional translation needs. | June, 2005     |

Outcome Measure

Promote consumer awareness and focus on populations that are non-English speaking.

Output Measure

Multi-language consumer service forms.

Efficiency Measure

Provides understandable avenues of remedy to groups of consumers who may otherwise not seek assistance.

Explanatory Measure

Translation requirements will require the use of contract services.

Plan for Monitoring Performance

The Forms Management Analyst will be responsible for tracking and monitoring the status of this objective and providing briefings to the Personnel Officer or Publications staff as needed.

### ***III. ENFORCEMENT***

#### **Objective 1.F.            Update performance metrics for the Enforcement Program (2004/2005)**

Update performance metrics to monitor additional components with respect to case processing timeframes. Target specific areas of improvement to maintain case aging performance measures.

##### Implementation Strategy

1.            Enhance automated tracking tools in EIS to include statistical reports that track processing timeframes and milestones for the following categories: March, 2005
  - a)    Initial response time to pre-complaints.
  - b)    Rap applicant background investigations.
  - c)    Rap licensee investigations.
  - d)    Petition investigations.
  - e)    Transactional investigations.
2.            Develop target processing timeframes for each category. June, 2005

##### Outcome Measure

Management tools to monitor case aging.

##### Output Measure

Comparative statistical reports.

##### Efficiency Measure

Granular breakdown of components that comprise the case aging performance measures.

##### Plan for Monitoring Performance

Program Manager to conduct meetings with enforcement staff to track progress and ensure timelines are being met.

#### **Objective 1.G. & 1.BB.        Develop Enforcement Deputy Training Program (2004/2005 – 2005/2006)**

Develop a comprehensive new-deputy training program and a system to facilitate the ongoing training of experienced deputies.

##### Implementation Strategy

1.            Revise and improve existing enforcement materials.
  - a.    Enforcement Deputy Manual Complete



- b. Case Development Series September, 2004
- c. Attorney General Opinions January, 2005
- 2. Develop a format and support material for a comprehensive new deputy training program.
  - a. Categorize legal opinions. April, 2005
  - b. Initiate the development of video presentations for training deputies. June, 2005
  - c. Develop training material on investigative techniques. July, 2005
  - d. Develop sample case investigations. September, 2005

Outcome Measure

100% documentation of current enforcement knowledge base requirements.

Output Measure

Comprehensive training materials for enforcement deputies.

Efficiency Measure

Guide for knowledge transfer.

Plan for Monitoring Performance

Program Manager to monitor and evaluate project progress and conduct meetings with staff as appropriate.

**Objective 3.C. & 3.AA.      Develop guidelines for the use of unlicensed Administrative Assistants. (2004/2005 – 2005/2006)**

Provide industry with parameters for the use of unlicensed administrative assistants in the conduct of their real estate business.

Implementation Strategy

- 1. Establish a work group comprised of Department personnel and industry representatives to develop proposed guidelines. January, 2005
- 2. Prepare proposed guidelines. June, 2005
- 3. Submission and approval of proposed guidelines. July, 2005
- 4. Publish the guidelines to the Website. August, 2005

Outcome Measure

Industry awareness of parameters for unlicensed administrative assistants.

Output Measure

Guidelines developed through a collaborative effort.

Efficiency Measure

Assists in the prevention of licensing law violations through education.

Plan for Monitoring Performance

Program Manager to conduct meetings with enforcement staff to track progress and ensure timelines are being met.

**Objective 4.C. & 4.BB.      Feasibility of outsourcing court document retrieval.  
(2004/2005 – 2005/2006)**

There are a variety of cases where it is necessary for staff to review both civil and criminal court records. In the case of criminal court records, the court documents are primarily obtained by mail. With respect to civil court records, staff physically travel to various court locations to obtain the documents. The purpose of this objective is to study the feasibility of outsourcing court document retrieval services to obtain these records.

Implementation Strategy

- |    |   |               |
|----|---|---------------|
| 1. | Conduct a study to determine the costs of obtaining court records using current methods.                      | May, 2004     |
| 2. | Conduct a study to determine the costs of obtaining the documents through a court document retrieval service. | October, 2004 |
| 3. | Prepare a report with cost estimates and recommendations on utilizing a document retrieval service.           | January, 2005 |
| 4. | Prepare a budget change proposal for 05/06, if warranted.   | July, 2005    |

Outcome Measure

Plan to guide the Department in determining the benefits of outsourcing enforcement tasks.

Output Measure

Cost benefit analysis to support recommendation and potential funding requirements.

Efficiency Measure

Assures that the Department's action plan will be cost beneficial.

Plan for Monitoring Performance

Program Manager to monitor program progress and conduct meetings with enforcement staff to ensure timelines are being met.

Explanatory Measures

BCP for FY 05/06, if warranted.

**Objective 4.D. & 4.CC. Study the investigative process to identify methods to improve efficiency. (2004/2005 – 2005/2006)**

Examine the procedures followed for the various types of cases handled by Enforcement to determine if processes can be streamlined.

**Implementation Strategy**

- |    |  |                 |
|----|--|-----------------|
| 1. | Review rap processing procedures to determine if the criteria for expedited processing can be expanded to allow more timely processing of rap applications that warrant restricted licenses. | September, 2005 |
| 2. | Review petition processing procedures to determine if criteria can be developed to allow expedited processing under selected circumstances.  | September, 2005 |
| 3. | Conduct a study of the report writing formats employed in case investigations to determine what efficiencies can be achieved without compromising the quality of the evidence.               | January, 2006   |
| 4. | Develop forms and techniques to streamline and improve the investigative process.  | March, 2006     |
| 5. | Study methods in which new technology can be used to improve the efficiency of the investigative process.  | June, 2006      |

**Outcome Measure**

Streamlined investigative procedures.

**Output Measure**

Recommendations for process improvements and efficiencies.

**Efficiency Measure**

Maintain case aging processing timeframes as workload increases.

**Plan for Monitoring Performance**

Program Manager to conduct meetings with enforcement staff to track progress and ensure timelines are being met.

**Explanatory Measures**

A BCP may be needed in FY 07/08 for any new technologies identified in the study.

**Objective 4.E. & 4.DD. Regulatory Review (2004/2005 – 2005/2006)**

Review regulatory requirements pertaining to the areas of enforcement and mortgage brokering and make recommendations to eliminate any that are unnecessary.

Implementation Strategy

- |    |  |                 |
|----|--|-----------------|
| 1. | Complete review of all statutes and regulations pertaining to the areas of enforcement and mortgage brokering. | April, 2005     |
| 2. | Make recommendations as to statutes and regulations that could be eliminated or modified.                      | May, 2005       |
| 3. | Submit proposed legislative and regulation changes.  | September, 2005 |

Outcome Measure

Elimination of any unnecessary requirements.

Output Measure

Statutes and regulations identified for repeal.

Efficiency Measure

Focus regulatory efforts on concise requirements.

Plan for Monitoring Performance

Program Manager to conduct meetings with enforcement staff to track progress and ensure timelines are being met.

#### ***IV. LEGAL SECTION***

**Objective 2.H. & 2.CC.      Re-engineer legal support work processes.  
(2004/2005 – 2005/2006)**

Review, revise and update current operational procedures to incorporate automation in connection with processing and documenting disciplinary proceedings.

***Implementation Strategy***

- |   |                 |
|---|-----------------|
| 1. Establish review team.                               | July, 2004      |
| 2. Review current documentation, systems and practices. | September, 2004 |
| 3. Chart workflow and record process.                   | November, 2004  |
| 4. Analyze automation options.                          | February, 2005  |
| 5. Perform Gap analysis.                                | April, 2005     |
| 6. Draft recommendations.                               | May, 2005       |
| 7. Submit final report.                                 | June, 2005      |
| 8. Implement efficiencies.                              | August, 2005    |

***Outcome Measure***

Improvements in legal file processing.

***Output Measure***

Streamlined procedures.

***Efficiency Measure***

Increase use of automation to address workload.

***Plan for Monitoring Performance***

Chief Counsel will monitor and evaluate project process on a regular basis.

## ***V. SUBDIVISION SECTION***

### **Objective 1.H. & 1.CC. Streamlining the subdivision review process. (2004/2005 – 2005/2006)**

Prior to issuance of the Public Report, subdividers must file an application with the DRE and submit documents supporting the representations made in the application. The streamlining effort will involve a complete review and analysis of the organizational processes associated with the subdivision public report applications for standard (RE 628) and common interest (RE 624) subdivisions. These structures will be evaluated in terms of the components of subdivision file processing and to design a more efficient processing model.

#### ***Implementation Strategy***

- |  |                 |
|--|-----------------|
| 1. Form project team.  | July, 2004      |
| 2. Review current documentation, policies, applications and rules. | August, 2004    |
| 3. Chart the workflow and record processes.                        | September, 2004 |
| 4. Perform Gap analyses.   | September, 2004 |
| 5. Evaluate alternatives.  | October, 2004   |
| 6. Assess review criteria and standards.                           | November, 2004  |
| 7. Gather input from staff and stakeholders.                       | November, 2004  |
| 8. Incorporate national observations and conclusions.              | December, 2004  |
| 9. Determine opportunities for improvement.                        | January, 2005   |
| 10. Draft report.  | February, 2005  |
| 11. Review and modify draft.                                       | April, 2005     |
| 12. Publish final report.  | June, 2005      |
| 13. Incorporate findings into operations; revise forms.            | January, 2006   |
| 14. Industry announcement of new process.                          | January, 2006   |

#### ***Outcome Measure***

Refined subdivision file and review process.

#### ***Output Measure***

Improved document review standards, streamlined applications and instructions and enhanced performance monitoring.

#### ***Efficiency Measure***

Maintain 50% of statutory processing timeframes as workload increases.

#### ***Plan for Monitoring Performance***

Program Manager will monitor and evaluate project progress and meet with staff involved on a regular basis.

**Objective 1.I. Expand On-line Subdivision Form Availability (2004/2005)**

DRE's Web site contains electronic versions of most subdivision forms. The forms are currently available in Portable Document Format (PDF) fill-in or print only. There are also a few forms available in hard copy only. To obtain copies of the DRE forms listed as hard copy only, requests must be submitted to DRE via mail, phone or fax. DRE will expand the availability and functionality of on-line forms.

Implementation Strategy

- |    |   |                 |
|----|---|-----------------|
| 1. | Prepare draft of revisions/upgrades.                                | July, 2004      |
| 2. | Prepare final draft of revisions/upgrades.                          | September, 2004 |
| 3. | Submit final draft of revisions/upgrades to ISS for implementation. | November, 2004  |

Outcome Measure

Provide immediate access to all subdivision forms.

Output Measure

Electronic versions of current forms.

Efficiency Measure

Reduce the time to receive any subdivision form by up to seven days.

Plan for Monitoring Performance

Program Manager will monitor and evaluate project progress and meet with involved staff on a regular basis.

**Objective 3.D. Implement timeshare reforms. (2004/2005)**

With the expected passage of new timeshare legislation (AB 2252), regulations, forms and review procedures will be updated to facilitate and comply with timeshare reform.

Implementation Strategy

- |    |  |                |
|----|--|----------------|
| 1. | Define scope of reform criteria.                         | August, 2004   |
| 2. | Draft regulations complimenting new law.                 | November, 2004 |
| 3. | Draft forms.   | December, 2004 |
| 4. | Vet draft regulations and forms with DRE/ARDA Committee. | December, 2004 |
| 5. | Finalize regulations and forms.                          | January, 2005  |
| 6. | Pursue regulation adoption process with public hearing.  | April, 2005    |
| 7. | Prepare to implement reforms July 1.                     | June, 2005     |

Outcome Measure

Implement necessary reforms to help promote timeshare developments while maintaining consumer protection.

Output Measure

Revise timeshare regulatory scheme.

Efficiency Measure

Timeshare approval process consistent with current business practices.

Plan for Monitoring Performance

The Program Manager will monitor and report project progress.

**Objective 3.E. Purchase Money Bonds (2004/2005)**

There are statutes and regulations pertaining to the impounding of purchase money. Subdividers are required to impound all purchase funds in an escrow account. By posting a bond, a subdivider can use the purchase monies for construction. The bond process and related forms need to be reviewed to reflect current legal requirements.

Implementation Strategy

- |  |                |
|--|----------------|
| 1. Identify forms and procedures to be revised.        | October, 2004  |
| 2. Prepare draft of revisions.                         | November, 2004 |
| 3. Discuss proposed revisions with CBIA/DRE Committee. | January, 2005  |
| 4. Prepare final version of forms and procedures.      | March, 2005    |
| 5. Submit to Attorney General's Office for approval.   | April, 2005    |

Outcome Measure

New purchase money bond process reflecting 100% of current law.

Output Measure

Revise purchase money forms and procedures.

Efficiency Measure

Eliminate multiple iterations of purchase money bond submittals due to outdated forms and instructions.

Plan for Monitoring Performance

The Program Manager will monitor and evaluate project progress and meet with involved staff on a regular basis.

**Objective 3.BB. Revision of the Subdivision Public Report (2005/2006)**

Presently, the Subdivision Public Report addresses purchasers, members of the homeowners associations, subdividers and homeowners who later intend to sell. The report tends to be technically worded when explaining information and needs to be revised to improve consumer understanding. This objective will be a collaborative effort with industry.



Implementation Strategy

- |     |   |                 |
|-----|---|-----------------|
| 1.  | Initiate review of the current Subdivision Public Report. | July, 2005      |
| 2.  | Receive input for revisions.                              | August, 2005    |
| 3.  | Conclude internal review.                                 | September, 2005 |
| 4.  | Submit to CBIA for input and discussion.                  | October, 2005   |
| 5.  | Revision to Public Report finalized.                      | November, 2005  |
| 6.  | Indicate which department forms are impacted.             | December, 2005  |
| 7.  | Determine priority of form revision.                      | January, 2006   |
| 8.  | Complete draft of forms with highest priority.            | February, 2006  |
| 9.  | Complete draft of forms with lesser priority.             | March, 2006     |
| 10. | Complete revision to forms with highest priority.         | April, 2006     |
| 11. | Complete revision to forms with lesser priority.          | May, 2006       |

Outcome Measure

Better consumer understanding of new home purchase information.

Output Measure

Simplified language for material disclosures.

Efficiency Measure

Improved consumer protection.

Plan for Monitoring Performance

The Program Manager will monitor and evaluate project progress and meet with involved staff on a regular basis.

## ***VI. AUDIT SECTION***

### **Objective 2.I. Publish e-samples of various threshold reports via DRE Web site (2004/2005)**

In order to further assist the threshold brokers in filing the required reports, the Audit Section will revise all sample reports and make these items available on the DRE Web site. It is expected that the requests for sample reports by mail could decrease by **40 to 50%** once the samples are made available on-line.

#### ***Implementation Strategy***

- |    |   |                 |
|----|---|-----------------|
| 1. | Commence project.   | August, 2004    |
| 2. | Establish automated tracking system for sample reports requested by mail. | September, 2004 |
| 3. | Revision of sample reports.   | February, 2005  |
| 4. | Web site publication.   | April, 2005     |
| 5. | Report to Chief Deputy Commissioner.                                      | June, 2005      |

#### ***Outcome Measure***

Immediate availability of all sample threshold reports on the Web site which would reduce the time for access by approximately seven days.

#### ***Output Measure***

Samples include:

- Statement of Trust Fund Balances and Liabilities Arising from Cash Transactions
- Statement of Trust Fund Receipts and Disbursements and Changes in Cash Balances
- Supplementary Schedule of Trust Fund Liabilities
- Notes to Trust Fund Finance Statements
- Trust Account Review Report

#### ***Efficiency Measure***

Reduce the request for sample reports by mail by 40-50%.

#### ***Plan for Monitoring Performance***

The Program Manager will monitor and evaluate project progress.

### **Objective 4.F. Refine and implement audit performance standards. (2004/2005)**

The Audit Section will refine and implement its performance standards to improve efficiency.

#### ***Implementation Strategy***

- |    |   |              |
|----|---|--------------|
| 1. | Develop the Service Improvement Planning Matrix with refined standards. | July, 2004   |
| 2. | Enhance automated tracking tools in Excel and EIS.                      | August, 2004 |
| 3. | Annual review and assessment of performance improvement                 | June, 2005   |

- in investigative audits (IA) completion time.
4. Program Manager submits evaluation report to Commissioner/  
Chief Deputy Commissioner. June, 2005

Outcome Measure

Completion timeframe of less than 95 days by June, 2005.

Output Measure

- Completion time of 102 days by 9/30/04.
- Completion time of 99 days by 12/31/04.
- Completion time of 97 days by 3/31/05.

Efficiency Measure

9.75% improvement in the average completion timeframe for an IA.

Plan for Monitoring Performance

Audit Managers to monitor investigative audit completion time monthly. Also, Audit Managers to submit quarterly progress reports to Program Manager.

**Objective 4.G. Study Audit Program operating procedures. (2004/2005)**

The Audit Section will review its general operating procedures in order to streamline the processes and procedures to improve efficiency and effectiveness in fulfilling its mission.

Implementation Strategy

- |  |                |
|--|----------------|
| 1. Project commencement.   | July, 2004     |
| 2. Plan and establish scope of review.   | August, 2004   |
| 3. Review operating procedures and obtain staff input.   | November, 2004 |
| 4. Prepare report and recommendation.  | February, 2005 |
| 5. Submit recommendation to Commissioner/Chief Deputy<br>Commissioner for review and approval. | March, 2005    |

Outcome Measure

Identification of potential streamlining opportunities.

Output Measure

Study findings with recommended courses of action.

Efficiency Measure

Comprehensive analysis providing management with necessary information to render a decision.

Plan for Monitoring Performance

Follow the project work plan completion criteria, track milestones, and develop status reports.

**Objective 4.H. Update sample Trust Account Review Report. (2004/2005)**

Update the DRE's sample Trust Account Review Report (TAR) to comply with the American Institute of Certified Public Accountants (AICPA) standards.

Implementation Strategy

- |   |                       |
|---|-----------------------|
| 1. Preliminary review.  | August, 2004          |
| 2. Establish tracking system.                                     | September, 2004       |
| 3. Work with AICPA to assure compliance.                          | January, 2005         |
| 4. Issue revised sample TAR.                                      | February, 2005        |
| 5. Monitor and evaluate efficiency improvement.                   | Quarterly - 2004/2005 |
| 6. Report to Chief Deputy Commissioner on efficiency improvement. | June, 2005            |

Outcome Measure

100% compliance between sample TAR and AICPA standards.

Output Measure

Updated sample TAR report.

Efficiency Measure

Up to a 3% efficiency improvement in the TAR review process.

Plan for Monitoring Performance

Audit Program Manager will oversee the project and track progress.

**Objective 1.DD. Update Internal Audit Training Material. (2005/2006)**

The Audit Section will update the Internal Audit Training Material to reflect changes in rules, regulations, procedures and working papers.

Implementation Strategy

- |                               |                 |
|-------------------------------|-----------------|
| 1. Identify revision content. | September, 2005 |
| 2. Revise material.           | January, 2006   |
| 3. Final review.              | February, 2006  |
| 4. Implementation.            | May, 2006       |

Outcome Measure

100% documentation of current DRE Auditing Base Requirements.

Output Measure

Comprehensive training material for internal auditors.

Efficiency Measure

Guide for knowledge transfer.

Plan for Monitoring Performance

The Program Manager will monitor and evaluate project progress.

**Objective 2.DD.      Revise and implement computerized *Mortgage Loan Broker Audit Working Papers*. (2005/2006)**

The Audit Section will revise and implement computerized *Mortgage Loan Broker Audit Working Papers*.

Implementation Strategy

- |    |                                     |                 |
|----|-------------------------------------|-----------------|
| 1. | Preliminary planning and review.    | July, 2005      |
| 2. | Design and debug new forms.         | September, 2005 |
| 3. | Field test.                         | February, 2006  |
| 4. | Test results review and evaluation. | March, 2006     |
| 5. | Implement and test final changes.   | April, 2006     |
| 6. | Approval for release.               | May, 2006       |

Outcome Measure

Simplification of mortgage loan broker audits.

Output Measure

Standardized template for use by auditors.

Efficiency Measure

Computerized working papers to ensure calculation accuracy and uniformity.

Plan for Monitoring Performance

The Program Manager will monitor and evaluate project progress.

**Objective 1.BBB.      Revise Audit Training Material. (2006/2007)**

The Audit Section will revise and update the Audit Training Material to reflect changes in law and regulations, procedures and working papers.

Implementation Strategy

- |    |                            |                |
|----|----------------------------|----------------|
| 1. | Identify revision content. | July, 2006     |
| 2. | Develop revision details.  | December, 2006 |
| 3. | Review and completion.     | April, 2007    |
| 4. | Implementation             | May, 2007      |

Outcome Measure

100% documentation of current DRE auditing base requirements.

Output Measure

Comprehensive material for training auditors.

Efficiency Measure

Guide for knowledge transfer.

Plan for Monitoring Performance

The Program Manager will monitor and evaluate project progress.

**Objective 2.BBB. Revise and implement computerized *Property Management Audit Working Papers*. (2006/2007)**

The Audit Section will revise and implement computerized *Property Management Audit Working Papers*.

Implementation Strategy

- |  |                 |
|--|-----------------|
| 1. Preliminary planning and review.    | July, 2006      |
| 2. Design, test and debug new forms.   | September, 2006 |
| 3. Field test.                         | February, 2007  |
| 4. Test results review and evaluation. | March, 2007     |
| 5. Implement and test final changes.   | April, 2007     |
| 6. Approval for release.               | May, 2007       |

Outcome Measure

Simplification of property management audits.

Output Measure

Standardized template for use by auditors.

Efficiency Measure

Computerized working papers to ensure calculation accuracy and uniformity.

Plan for Monitoring Performance

The Program Manager will monitor and evaluate project progress.

## ***VII. LEGISLATION & PUBLIC INFORMATION SECTION***

### **A. Legislation and Public Information**

#### **Objective 2.J. & 2.EE. Study the feasibility of implementing electronic subscriptions to the *Mortgage Loan Bulletin* and *Subdivision Industry Bulletin*. (2004/2005 – 2005/2006)**

Currently, the *Mortgage Loan Bulletin* and *Subdivision Industry Bulletin* are published solely on the DRE Web site. Readers must take the initiative to monitor the DRE Web site for new issues and access the issues on-line. To better serve the mortgage lending and subdivision industries, the Department will conduct a study to determine the feasibility of implementing electronic subscriptions to the *Mortgage Loan Bulletin* and *Subdivision Industry Bulletin* to allow interested readers to be notified when new issues become available on the DRE Web site.

#### Implementation Strategy

- |    |   |                 |
|----|---|-----------------|
| 1. | Contact other departments that utilize electronic subscriptions, including the Department of Finance and the Department of Insurance. | September, 2004 |
| 2. | Meet with Information Systems Section staff. Determine the methods that could be used for electronic subscriptions to the bulletins.  | March, 2005     |
| 3. | Prepare cost/benefit analysis and report of findings.   | June, 2005      |
| 4. | Finalize study.   | August, 2005    |
| 5. | Submit findings to Assistant Commissioner for Legislation and Public Information, and Chief Deputy.                                   | October, 2005   |

#### Outcome Measure

Service improvement direction and decision point.

#### Outcome Measure

Study findings with a recommended course of action.

#### Efficiency Measure

Comprehensive analysis providing management with necessary information to render a decision.

#### Plan for Monitoring Performance

1. The Publications Deputy will monitor progress and report findings to the Assistant Commissioner for Legislation and Public Information upon completion of each performance target.
2. The Assistant Commissioner for Legislation and Public Information will monitor progress to ensure the objective is completed within identified timeframes.

**Objective 3.F. & 3.CC.      Refine web based timeshare consumer information.**  
**(2004/2005 - 2005/2006)**

The Department currently offers consumer information concerning timeshares on its Web site. To increase consumer awareness, the Department will refine its Web page to reflect timeshare reforms and current business practices.

Implementation Strategy

- |    |  |                 |
|----|--|-----------------|
| 1. | Analyze timeshare reforms and practices.                 | January, 2005   |
| 2. | Identify information that would be helpful to consumers. | April, 2005     |
| 3. | Draft web page changes.                                  | August, 2005    |
| 4. | Route for review and approval.                           | September, 2005 |
| 5. | Finalize draft.  | November, 2005  |
| 6. | Post on Web site.  | January, 2006   |

Outcome Measure

Disclosure of 100% of timeshare reform and consumer related information.

Output Measure

Updated Web pages as necessary.

Efficiency Measure

95% uptime of web page.

Plan for Monitoring Performance

1. The Publications Deputy will report progress and findings to the Assistant Commissioner for Legislation and Public Information upon completion of each performance target.
2. The Assistant Commissioner for Legislation and Public Information will monitor progress to ensure the objective is completed within identified timeframes.

**Objective 3.G. & 3.DD.      Update the Reference Book – A Real Estate Guide.**  
**(2004/2005 - 2005/2006)**

Since the publication of the 2000 edition of the *Reference Book – A Real Estate Guide*, there have been significant changes in the statutes and regulations applicable to the principles of real estate. To better serve real estate license practitioners and enhance consumer protection, the Department will update the book, make it available free of charge on the Department's web site and offer a printed version for sale.

Implementation Strategy

- |    |  |                |
|----|--|----------------|
| 1. | Identify industry experts for review panel.                        | July, 2004     |
| 2. | Contact potential reviewers.                                       | July, 2004     |
| 3. | Analyze review criteria.   | August, 2004   |
| 4. | Finalize assignments for reviewers.                                | August, 2004   |
| 5. | Completion of review assignments and submittal of draft revisions. | February, 2005 |



- |     |   |                 |
|-----|---|-----------------|
| 6.  | Internal review of draft.                 | September, 2005 |
| 7.  | Prepare final draft.                      | January, 2006   |
| 8.  | Final approval.                           | April, 2006     |
| 9.  | Coordinate and bid printing.              | May, 2006       |
| 10. | Coordinate revision of publications form. | May, 2006       |
| 11. | Coordinate posting on Web site.           | June, 2006      |

Outcome Measure

New *Reference Book* with 100% current information.

Output Measure

*Real Estate Reference Book*, 2006 Edition

Efficiency Measure

Consolidate 100% of updated information into two reference sources.

Plan for Monitoring Performance

1. The Publications Deputy will monitor progress and report findings to the Assistant Commissioner for Legislation and Public Information upon completion of each performance target.
2. The Assistant Commissioner for Legislation and Public Information will monitor progress to ensure the objective is completed within identified timeframes.

## **B. Education and Research Section**

### **Objective 3.H. & 3.EE. Outsource the revision of the *Disclosures in Real Property Transactions* publication. (2004/2005 - 2005/2006)**

Since the 1999 edition of the *Disclosures in Real Property Transactions* brochure there have been changes in the statutes and regulations applicable to disclosures in real property transactions. To better assist real estate license practitioners and enhance consumer protection, the Department will update the brochure, make it available free of charge on the Department's web site and offer a printed version for sale.

Implementation Strategy

- |     |  |                |
|-----|--|----------------|
| 1.  | Prepare scope of work and project completion schedule. | August, 2004   |
| 2.  | Draft RFQ.   | October, 2004  |
| 3.  | Review draft RFQ.                                      | December, 2004 |
| 4.  | Finalize and release RFQ.                              | February, 2005 |
| 5.  | Draft contract.  | February, 2005 |
| 6.  | Review draft contract.                                 | March, 2005    |
| 7.  | Review quotes submitted.                               | May, 2005      |
| 8.  | Finalize and award contract.                           | June 2005      |
| 9.  | Review draft work product.                             | December, 2005 |
| 10. | Coordinate final submittal.                            | January, 2006  |

- |     |  |                |
|-----|--|----------------|
| 11. | Validate contract deliverables.            | February, 2006 |
| 12. | Approve final product.                     | February, 2006 |
| 13. | Authorize mass production.                 | March, 2006    |
| 14. | Coordinate revision of publications forms. | April, 2006    |
| 15. | Coordinate posting on Web site.            | May, 2006      |

Outcome Measure

100% publication of current disclosure requirements for real property transactions.

Output Measure

Update industry and consumer publication.

Efficiency Measure

Consolidate 100% of updated information into two reference sources. Also, offset impact on workload by outsourcing. Avoids redirecting from existing caseload a DRE attorney resource by three months.

Plan for Monitoring Performance

1. Education Manager will monitor progress and report findings to the Assistant Commissioner for Legislation and Public Information upon completion of each performance target.
2. The Assistant Commissioner for Legislation and Public Information will monitor progress to ensure the objective is completed within identified timeframes.
3. The Contracts Manager will assure that procurement and contracting requirements are met.

**Objective 3.I. Identify future Education and Research projects. (2004/2005)**

Section 10451.5 of the Business and Professions Code makes funds available to be used by the Real Estate Commissioner in the advancement of education and research in the field of real estate. Accordingly, each fiscal year the Department identifies potential research projects for the Commissioner's consideration.

Implementation Study

- |    |  |               |
|----|--|---------------|
| 1. | Solicit information for potential projects.    | August, 2004  |
| 2. | Prepare report identifying potential projects. | October, 2004 |
| 3. | Submit report to Commissioner.                 | October, 2004 |

Outcome Measure

Research opportunity and decision point.

Output Measure

Synopsis of potential projects.

Efficiency Measure

Comprehensive analysis providing management with necessary information to render a decision.

Plan for Monitoring Performance

1. The Education Manager will report progress and findings to the Assistant Commissioner for Legislation and Public Information upon completion of each performance measure.
2. The Assistant Commissioner for Legislation and Public Information will monitor progress to ensure the project is completed within identified timeframes.

**Objective 3.J. Update Professional Responsibility Exam and course material.  
(2004/2005)**

The Department administers the Professional Responsibility Exam as part of the license disciplinary process. The present exam and course study material needs revision.

Implementation Strategy

- |   |                 |
|---|-----------------|
| 1. Review existing course material and exam questions.  | July, 2004      |
| 2. Identify portions that need revision.  | August, 2004    |
| 3. Revise course material and exam questions as needed.   | September, 2004 |
| 4. Conduct internal review of draft.  | October, 2004   |
| 5. Prepare final draft.   | November, 2004  |
| 6. Route for review and approval.   | December, 2004  |
| 7. Implement new Professional Responsibility Exam and study material through Licensing Section. | February, 2005  |

Outcome Measure

New exam with 100% current information.

Output Measure

75 questions specifically targeted to measure knowledge of business practices and procedures.

Efficiency Measure

Improve testing assessment of licensed practitioners who have incurred license disciplinary action.

Plan for Monitoring Performance

1. The Education Manager will monitor progress and report findings to the Assistant Commissioner for Legislation and Public Information upon completion of each performance target.
2. The Assistant Commissioner for Legislation and Public Information will monitor progress to ensure the objective is completed within identified timeframes.

**APPENDIX D****RESOURCE ASSUMPTIONS**

Depending on additional information which may be developed in the future, it appears that the specific objectives listed for fiscal years 2005/06, 2006/07, and 2007/08 can be accomplished within existing or projected resources except for the specific objectives set forth below, which may be dependent on resource augmentations being authorized through the budget process.

**2005/06:**

- 1) IT equipment refresh. (ISS, Objectives 2.C. & 2.BB)
- 2) Identify impact to DRE on unfunded increases in expenditures. (Fiscal, Objective 4.B)
- 3) Feasibility of outsourcing court document retrieval. (Enforcement, Objectives 4.C. & 4.BB.)

**2006/07:**

- 1) Licensing IVR system upgrade. (Licensing, Objective 2.B.)
- 2) Business machines review. (Fiscal, Objective 4.AA.)

**2007/08**

- 1) Submit electronic examination system FSR. (Licensing and ISS, Objective 2.AA. )
- 2) Study the investigative process to identify methods to improve efficiency. (Enforcement, Objectives 4.D. and 4.CC.)

**APPENDIX E****FINANCIAL AND FULL-TIME EQUIVALENT (FTE) POSITION INFORMATION***EXPENDITURES:*

2002-03 Actual	\$29,804,694
2003-04 Estimated	\$31,282,000
2004-05 Budgeted	\$31,689,000

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*POSITIONS (PY'S):*

2002-03 Actual	310.3
2003-04 Estimated	285.2
2004-05 Budgeted	292.45

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*REVENUES:*

2002-03 Actual	\$36,984,701 - \$10,900,000 loan to General Fund
2003-04 Estimated	\$29,239,000
2004-05 Budgeted	\$26,944,000

## **APPENDIX F**

### **GLOSSARY OF TERMS**

#### **ARDA – American Resort Development Association**

ARDA is the Washington, D.C. based trade association representing the vacation ownership and resort development industries.

#### **BCP - Budget Change Proposal**

BCPs are prepared and submitted by state agencies in order to request changes in staffing or spending. The annual Budget Bill includes BCPs approved by the Legislature and the Administration.

#### **CALSTARS--California Statewide Accounting and Reporting System**

CALSTARS is a centralized and computerized accounting and reporting information system designed to meet the State's financial requirements.

#### **CBIA - California Building Industry Association**

CBIA is a subdivision related industry group which is impacted by the Subdivided Lands Law. Its membership primarily consists of subdividers, developers and their affiliates.

#### **CE - Continuing Education**

Real estate licensees must complete 45 clock hours of approved CE every four years in order to renew their licenses.

#### **CIO – Chief Information Officer**

The CIO is responsible for the Department's information technology (IT) systems, functions and security.

#### **Efficiency Measure**

Specific improvements of work products that are measured in cost units or service process delivery.

#### **Explanatory Measure**

External factors that affect operations or objectives.

#### **eLicensing**

Interactive on-line system which allows real estate license renewal and change transactions and examination related services to be completed via the Internet.

**EIS - Enterprise Information System**

This is the term for the Department's IT system. It is a real-time distributed system entailing licensing, examinations, case tracking and management information elements.

**FSR - Feasibility Study Report**

An analysis of the critical design elements of a proposed IT project. The FSR should demonstrate that the project is technically feasible and cost-beneficial.

**GF - General Fund**

The State fund provided for by sales and other taxes. It is used to fund the operations of many state agencies. The Department of Real Estate is a Special Fund agency; that is, it is funded primarily by the fees it collects for real estate examinations, subdivision filings and real estate licenses.

**IT – Information Technology**

Information Technology is a term that encompasses all forms of technology (hardware, software, services, and supporting infrastructure) used to create, store, exchange, and manage the use of information in its various forms (business data, voice conversations, still images, multimedia presentations, etc.).

**IVR - Interactive Voice Response System**

An IVR is a computer application that accepts a combination of voice telephone input and touch-tone keypad selections and provides appropriate responses in the form of voice, fax, callback, e-mail or other media. IVR is usually part of a larger application that includes database access. The DRE's IVR system is accessible on a 24/7 basis and allows callers to access general license, examination and license processing information, request forms, obtain information on district office locations and hours, and speak to a department representative (during normal business hours).

**ISS - Information Systems Section**

This is the Department's IT section.

**Input**

Measures of resources.

**MLB - Mortgage Loan Broker**

A mortgage loan broker is a real estate broker who for compensation or in expectation of same, negotiates loans or collects payments or performs services for borrowers or lenders or note owners in connection with loans secured directly or collaterally by liens on real property or on a business opportunity.

**Output Measure**

That which is produced as a result of resources expended (i.e., the input level). Outputs can take the form of quantity of workload or work products and services.

**Outcome Measure**

The outcome measure is the result of the interaction of the input and the output. The outcome measure describes the benefits as a result of achieving objectives, study findings, or operational improvements.

**Performance Improvement Initiative**

Interactive process to ensure that the departments under the Business, Transportation & Housing Agency's purview have clarity of focus as to their program outcomes as well as efficiency of operation.

**Performance Indicators**

Values or characteristics that the Department utilizes to measure progress achieved with respect to stated performance goals.

**Performance Measures**

A description of a concept or a focus area for monitoring improvements toward a goal or objective.

**Performance Metrics**

Performance metrics are the qualification of the measure and include a baseline and target goal.

**Performance Targets**

Expressions of desired performance levels or specific desired results targeted for a given time period.

**Resources**

An indication of financial or human resources being devoted to a particular activity. Resources can take the form of skills, technology and methodology.

**RFP - Request for Proposal**

When a state agency needs to contract with a private contractor for consulting or professional services, an RFP is published to solicit bids. It describes the work to be performed and the expectations of how it is to be done. Bidders must submit the cost as well as their qualifications and work plan.



**SAM--State Administrative Manual**

SAM provides uniform policy and requirements to State agencies to govern their fiscal and business management affairs.

**Statement of Issues**

A disciplinary action which is filed to deny issuance of a license to an applicant.

**UNIX/Oracle**

UNIX is an IT operating platform. Oracle is a leader in developing database management systems.

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